

PUBLIC SESSION AGENDA
NORTH CAROLINA STATE BOARD OF CPA EXAMINERS
JUNE 20, 2013
10:00 A.M.
GRANDOVER RESORT & CONFERENCE CENTER
GREENSBORO, NC

I. Administrative Items

A. Call to Order

In accordance with the State Government Ethics Act, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.

B. Welcome and Introduction of Guests

C. Approval of Agenda

D. Minutes

E. Financial/Budgetary Items

1. Financial Statements for May 2013

II. Legislative & Rule-Making Items

A. Review of Revised Draft Rules for Consideration for Rule-Making in 2013

B. Legislative Update

III. National Organization Items

IV. State & Local Organization Items

A. Discussion with the NCACPA Peer Review Committee

V. Request for Declaratory Ruling

VI. Committee Reports

A. Professional Standards

B. Professional Education and Applications

VII. Public Comments

VIII. Closed Session

IX. Executive Staff and Legal Counsel Report

X. Adjournment

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
May 23, 2013
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Jose R. Rodriguez, CPA, President (via telephone); Bucky Glover, CPA, Vice President (via telephone); Maria M. Lynch, Esq., Secretary-Treasurer; Tawannah G. Allen, Ed.D.; Barton W. Baldwin, CPA; and Michael H. Womble, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Adrienne Trainor, Specialist-Professional Standards; Jean Marie Small, Assistant-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, CEO, NCACPA; Sharon Bryson, COO, NCACPA; Sammy Williams, CPA, NCACPA; Curt Lee, Legislative Liaison, NCSA; and Sarah Barham.

CALL TO ORDER: Secretary-Treasurer Lynch called the meeting to order at 10:10 a.m.

MINUTES: The minutes of the April 23, 2013, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The April 2013 financial statements were accepted as submitted.

Mr. Glover and Dr. Allen moved to approve the proposed 2013-2014 Board budget (Appendix I). Motion passed.

LEGISLATIVE AND RULE-MAKING ITEMS: Mr. Brooks presented staff-proposed draft rule changes to be considered by the Board for rule-making in 2013.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

Case No. C2013004 - William Knox Lively - Approve the Notice of Hearing for July 22, 2013, at 10:00 a.m.

Case No. C2012286-1 - Jones, Brady, & Company - Approve the signed Consent Order (Appendix II).

Case No. C2012298-1 - Mark R. Lemmond, CPA - Approve the signed Consent Order (Appendix III).

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Case No. C2012309-1 - Loreilie Rhyne, CPA - Approve the signed Consent Order (Appendix IV).

Case No. C2012323-1 - Brown, Jenkins, & Oneyear - Approve the signed Consent Order (Appendix V). Mr. Baldwin did not participate in the discussion of this matter nor did he participate in the vote on this matter.

Case No. C2013003 - James Christopher White - Approve the signed Consent Order (Appendix VI).

Case No. C2013007 - Rhonda A. Thomas - Approve the signed Consent Order (Appendix VII).

Case No. C2012195-1 and C2012195-2 - Close the case without prejudice.

Case No. C2013023 - Close the case without prejudice.

Case Nos. C2013009, C2013010, and C2013011 - Close the cases without prejudice.

Case No. C2013056 - Close the case without prejudice.

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:

Ms. Lynch moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following was approved:

Michael Brandon Strutchen

Original Certificate Applications - The following were approved:

John Michael Allen
Michael Joseph Arthur
Nicole Marie Balduf
Charles Frederick Barnewolt
Emily Hope Barringer
Samantha Mallory Burke
Lauren Nowak Campbell
Aaron Louis Cohen
Ryan David Dalton
Allison Elizabeth Emery
Kristen Paulette Fabian
Erin Brown Farney
Thomas James Groner
Siwei Li Hartill
Brooke Allison Holliday
Farah Michelle Hollingsworth
Shivani Rutkumar Jani
Devon Privette Jefferson
Mark Edward Johnson
Allison Marie Klein
Olga Viktorovna Kourdova

Malia Jean Lattner
Cody Drew Lawson
Christian Rochelle LeBron
Isabell Katharina Maegebier
Krystal Semone Magazine
Bela P. Naik
Jennifer Evans Phelps
Benjamin Neil Phillips
Carlton Barnes Price
Kelley Lyn Regele
Andrew Baldwin Ridgely
Mark Jeffrey Schiavone
Sarah Marie Shinn
Michael Brandon Strutchen
Dane Christopher Thomas
Emily Clerc Thompson
Ashley Louise Turnmire
Christian Ryan Ward
Zeno Sebastian Weidenthaler
Mark E. Welch
Candice Marie Woodruff

Li Xu
Teresa Athina Yurtkuran

Alan John Zambrano

Staff reviewed and recommended approval of the original application submitted by Herman Brian Vandiford. Mr. Vandiford failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and requested disapproval of a hypothetical CPA certificate application. The applicant wished to use either History 064 or Economics 145 to satisfy his Law requirement. However, neither course seemed to have law as the primary topic being covered. Also the applicant wished to use Sociology 031 toward his ethics requirement. However, ethics did not seem to be the primary focus of this course. The Committee disapproved the application.

Reciprocal Certificate Applications - The following were approved:

Jason Andrew Benziger
Mark Buchheim
Margaret Anne Davis

Jennifer Lynne Hall
Thomas Joseph McNeish

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Brian Andrew Miller T7310
Stephen Phillip Crandall T7311
Erica Jean Klostermeier T7312
Erin Lynn McAllister T7313
Jennifer Lynn Hausch T7387

Shavon Cassandra Tucker T7388
Kim Omura Standen T7389
Bonaventure E. Ezewuzie T7390
Jennifer Moths-Fishkin T7391

Reinstatements - The following were approved:

Joanne Leslie Edelman #32142
Sheila Chafin Haas #17750
Jocelyn Hayes #20256
John Calvin Roland #31466

Michael Anthony Sordillo #21826
Andrew Vincent Walker #34418
William H. Witbrodt Jr. #16567

Reissuance of New Certificate and Consent Agreement - An application for reissuance of new certificate and consent agreement submitted by Jonathan Bennett (#34204) was approved.

Retired Status Applications - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Joseph R. Cobbe #32715

A. Grant Webb III #14215

CPE Sponsors – Staff proposed terminating the CPE sponsor registry. The Committee approved staff recommendation.

Extension Requests - The Committee approved the following individuals for extension for completion of CPE until the dates noted:

Michael D. Nolan #35083 – 6/30/13
Dare Wicker O'Connor #21500 – 5/31/13

Jennifer Ross #32984 – 6/30/13

Examinations – The Committee reviewed and approved the following staff approved applicants to sit for the Uniform CPA Examination:

Nathaniel Adams
Jennifer Aguirre
Paige Albright
Naida Aliyeva
Justin Allen
Octavia Allen
Jessica Allumbaugh
Ahmad Altaher
Lauren Anderson
Natalie Angell
Brian Antoszyk
Zachary Aronson
Gregory Badgett
James Badgett
Jonathan Badgett
Stephen Baity
Charles Baker
Deanna Banovsky
Valerie Barney
Matthew Barnhill
Svetlana Barrett
Christopher Bass
David Batkiewicz
Tyler Beck
Daniel Bennett
Gagandeep Bindra
Michael Black
Stephanie Blonchek

Andrew Bohme
Melva Bonner
Walter Bordeaux
Taryn Boston
Albert Boulus
Caroline Bowman
Elizabeth Bowman
Austin Bradshaw
Allison Braswell
Bethany Breeden
Adam Briones
Robert Brown
Joseph Buckland
Agatha Buell
Aunray Bullock
Emily Burr
Abigail Campbell
Michele Capel
John Cargill
Benjamin Carlson
Laura Carter
Danielle Carty
Stephen Cash
Matthew Chatelain
Wing-Wah Chu
Michael Clark
Philip Clark
Robert Claybon

Sabrina Clontz
Tonya Coates
Janet Cochrane
Dion Coleman
Matthew Collier
Catherine Collins
Esperanza Cook
Jeffrey Cornelison
Bryce Creedon
Cameron Cross
Leonard Crosson
Andrew Davenport
Molly Demarest
Michael Dempsey
Bradley Dey
Felicia Diggs
Sheri Dixon
Simona Dobson
William Dula
Sheldon Early
Antoinyce Eaton
Gwendolyn Eaton
Micah Eberle
Emily Edwards
Tracy Ellis
Deborah Epperson
Maria Errazo
Lauren Estes
Elliott Etheridge
Matilda Fahnbulleh
Vijay Farmah
Dustin Farthing
Sean Feeley
Kendra Ferguson
Michael Fillmer
Sarah Forman
Tyler Fry
John Futrelle
Rachel Gable
John Garrett
Chad Garrison
Turiya Gray
Jessica Gregory

Ashlie Groff
Brittany Grow
Gary Guido
Suzanne Hahn
Benjamin Hains
Christopher Hall
Jeremy Hall
Paul Hardin
Julie Harman
Amanda Harrell
Bethany Harris
Tayler Harvey
Neville Hayes
Charles Haynes
Erena Hepler
Ann Hobson
Steven Hogan
Sarah Hopkins
Jessica Hubbard
Harrison Hunt
Joshua Jackson
Jilda Jehu-Appiah
Robin Jenkins
Colby Johnson
Matthew Johnson
Stephanie Johnson
Amanda Jones
Christopher Jones
Steven Joseph
Marie Kastelic
Jaskamal Kaur
James Keel
Supriya Khazanie
Vasyl Khokhla
Suji Kim
Adam King
Jason King
Perry King
Mary Kirkland
Kurt Kuchenbrod
T Morris Kwekeh
Lyndsey Lamb
Alexander Lamm

Ying Ying Lang
Daniel Largiader
Sidonie Lawrence
Matthew Lee
Mazalenia Lee
Timothy Lee
Marie LeSaint
Meng Li
Bridgette Lin
Benjamin Linderman
Justin Linville
Brenna Liquori
Lei Liu
Michael Loman
Stuart Long
Ian Luhrs
Joseph Lunsford
Matthew Lynch
Braelinn Mackey
Wanda Manning
Ryan Martin
Samuel Mason
Christopher Massey
Marc Matalavage
Patrick Maynard
Mark Mazzone
Marcus McAllister
Benjamin McCorkle
Adam McCutcheon
Aaron McMillan
Ashley McNeely
David McPherson
Michael Mellow
Andrew Mense
Ashley Middleton
Patrick Milburn
Matthew Miller
Jenneth Mitchell
Praxi Mittal
Narcisse Mondesir
Alexander Moore
Edgar Moreno
Samuel Morgan

Marc Morris
Heather Morrow
Lisa Morrow
Tara Moser
Janet Murphy
Jarrett Nagel
Jeffrey Nakayama
Michael Neve
Austin Newlin
James Nicholson
Caroline OConnor
Lakeisha Odom
Temple Ofikulu
Patrick Oglesby
Anna Olson
Miles Onafowora
Jovanny Ortiz
Richard Osborne
David Padykula
Urvish Patel
Emily Payne
Sara Pearson
Jared Peck
Jessica Pemberton
Carlos Perez
William Perrault
Morgan Perry
Ricky Perry
Chad Peters
Ljubica Pilipovic
Christopher Pittman
Lauren Piucci
Irina Poroshina
Tamara Powell
Lindsay Quinn
Oliver Reed
Barry Reese
Brooke Regensburg
John Reid
Ashley Reynolds
Otis Ricks
Timothy Riddell
Summer Rippy

Aaron Salter
Trisha Sarki
Nicholas Savarino
Joy Schaub
Daniel Schillaci
Laura Scott
Staci Scott
Suzanne Scott
John Scotton
Courtney Scruggs
Kushal Shah
Livingston Sheats
Charles Shevlin
Leighann Shi
Kelsey Short
Jake Sigler
Kaysie Silver
Aaron Smith
Brittany Smith
Courtney Smith
Thomas Snyder
Robert Spencer III
Brett Sprehe
Tyler Stallings
Jamie Stevens
Henry Stilley
Elizabeth Stollbrink
Jared Stone
Steven Strickland
Brooke Strider
Dayvon Taliaferro
Anthony Tallarico

Ray Tang
Cole Taylor
Lindsay Thacker Barker
Chrissey Thomas
Karen Thompson
Matthew Thompson
Jonathan Thornton
Gina Tong
Laura Tosti
Adam Valdez
Adam Van Cleave
Aimee VanKleeck
Joshua VanNamee
Suzanna Vick
Qin Wang
Ying Wang
Cherise Washington
Elizabeth Webb
Katherine Wester
John Whitley
Laurel Whitten
Heather Whittington
Jaamal Whittington
John Willis
Chantel Wilson
Jennifer Wilson
Michael Wolff
Jonathan Wood
Elizabeth Workman
Melissa Young
Mina Yu
Zheng Zhuang

Staff reviewed and recommended disapproval for at least one year of a hypothetical CPA re-exam application. Applicant failed to disclose numerous relatively-minor charges and convictions on his original examination application. He did disclose a conviction in 2000 for driving without a license on his re-exam application but not the initial application filed in 2007. Staff checked Westlaw records and found numerous offenses/charges that were not reported to the Board. Staff recommended that this re-exam applicant be prohibited from sitting for the exam for at least one year due to failure to report numerous criminal charges and convictions. The Committee disapproved the application.

Letters of Warning - Staff received and recommended approval of the requests to rescind the letters of warning awarded to the individuals listed below. The Committee approved staff recommendation:

Kenneth Duarte #34502
Catherine Hyunjung Joo #35770

John Scott Reeder #34927

RETIREMENT CEREMONY: Ms. Lynch recognized J. Michael Barham, CPA, for his nine years and five months of service to the Board as its Deputy Director. On behalf of the Board, she presented him with a plaque for his achievement. Several Board members made congratulatory remarks and Mr. Barham offered his remarks regarding his service to the Board and working with the Board staff.

ADJOURNMENT: Messrs. Baldwin and Womble moved to adjourn the meeting at 11:19 a.m. Motion passed.

Respectfully submitted:

Attested to by:

Robert N. Brooks
Executive Director

Jose R. Rodriguez, CPA
President

***North Carolina State Board of Certified Public Accountant Examiners
2013-2014 Final Budget***

<u>Operating Budget</u>	<i>Fiscal Year Budget 2012-2013</i>	<i>Estimated Actual 2012-2013</i>	<i>Approved Budget 2013-2014</i>	Ref
Revenues	\$ 2,853,054	\$ 2,797,139	\$ 2,782,204	A
Expenses:				
Personnel	1,292,764	1,250,205	1,268,114	B
Board & Legal	123,190	97,105	128,799	C
Office	303,000	298,056	321,800	D
Examination	1,078,300	980,474	1,001,400	E
Scholarship	10,000	13,000	10,000	
Building	51,530	38,820	37,350	F
Leasing Commission	0	0	0	
Miscellaneous	0	0	0	
Bad Debt Expense	0	982	0	
Over & Short	0	0	0	
Total	2,858,784	2,678,643	2,767,463	
Estimated Change in Net Assets (Before Depreciation)	\$ (5,730)	\$ 118,497	\$ 14,741	
<u>Capital Budget</u>				
Hardware	\$ 3,000	\$ 18,818	\$ 32,635	
Software	2,000	3,552	0	
Total	\$ 5,000	\$ 22,370	\$ 32,635	
Total Proposed Budget	\$ 2,863,784	\$ 2,701,013	\$ 2,800,098	

North Carolina State Board of Certified Public Accountant Examiners
Approved Revenue Budget

	<i>Fiscal Year Budget 2012-2013</i>		<i>Estimated Actual 2012-2013</i>		<i>Approved Budget 2013-2014</i>	
Examination Fees						
Initial Admin Fees	\$	208,840	\$	220,805	\$	220,800
Re-Exam Fees		163,725		156,975		156,975
Exam Fees Revenue		1,147,000		1,079,729		1,080,000
Exam Coupon		(41,941)		(21,793)		(41,941)
Exam Review Fees		1,450		0		0
Equivalency Exam Fees		0		0		0
Grade Transfer Fees		0		0		0
Total Exam Fees		<u>1,479,074</u>		<u>1,435,716</u>		<u>1,415,834</u>
Certificate Fees						
Initial		54,300 (543/100)		53,500 (535/100)		53,500 (535/100)
Reciprocal		24,000 (240/100)		24,300 (243/100)		24,000 (240/100)
Renewals		1,128,000 (18800/60)		1,127,400 (18790/60)		1,139,220 (18987/60)
Reinstatements		<u>10,800 (108/100)</u>		<u>11,400 (114/100)</u>		<u>11,400 (114/100)</u>
Total Certificate Fees		<u>1,217,100</u>		<u>1,216,600</u>		<u>1,228,120</u>
Firm Registrations						
Partnership Renewal		38,030		37,810		38,000
PC Initial		4,600		5,250		5,000
PC Renewal		34,000		35,945		36,000
Partnership Registration		<u>4,730</u>		<u>0</u>		<u>0</u>
Total Firm Registrations		<u>81,360</u>		<u>79,005</u>		<u>79,000</u>
Miscellaneous Income		3,720		- 1,840		1,500
Rental Income		30,000		30,300		31,200
Gain on Fixed Assets		0		0		0
Interest		23,800		24,979		16,550
Gift Cards		18,000		8,700		10,000
Other		0		0		0
Total Revenues	\$	<u><u>2,853,054</u></u>	\$	<u><u>2,797,139</u></u>	\$	<u><u>2,782,204</u></u>

North Carolina State Board of Certified Public Accountant Examiners
Approved Personnel Expense Budget

	<i>Fiscal Year Budget</i>	<i>Estimated Actual</i>	<i>Approved Budget</i>	<i>Ref</i>
	2012-2013	2012-2013	2013-2014	
Full Time Staff	\$ 924,919	\$ 920,733	\$ 911,583	
Part Time Staff	13,550	11,661	12,720	
Taxes - FICA	71,792	68,914	70,709	
Retirement Contributions	55,495	49,061	54,695	
Retirement - NCLB Admin Fee	3,500	2,165	2,500	
Insurance - Health	169,478	146,932	161,006	
Staff CPE	2,750	3,184	6,000	
Staff Travel	48,280	44,700	45,901	B1
Miscellaneous	3,000	2,855	3,000	
Total Personnel Expense	<u>\$ 1,292,764</u>	<u>\$ 1,250,205</u>	<u>\$ 1,268,114</u>	

North Carolina State Board of Certified Public Accountant Examiners
Approved Board & Legal Expense Budget

	<i>Fiscal Year Budget</i>	<i>Estimated Actual</i>	<i>Approved Budget</i>	<i>Ref</i>
<u>Board Expense</u>	<u>2012-2013</u>	<u>2012-2013</u>	<u>2013-2014</u>	
Board Travel	\$ 55,445	\$ 41,254	\$ 61,399	C1
Per Diem	21,500	16,444	23,900	C1
Clerical Reimbursement	1,750	0	0	
Total Board Expense	<u>\$ 78,695</u>	<u>\$ 57,698</u>	<u>\$ 85,299</u>	
<u>Legal Expense</u>				
Legal Counsel Fees - Admin	\$ 24,000	\$ 16,862	\$ 24,000	
Legal Counsel Fees - Prof Standards	17,495	18,647	12,000	
Legal Counsel Fees - Litigation	5,000	15	2,500	
Investigation Cost	8,000	8,813	10,000	
Hearing Cost	5,000	3,515	5,000	
Reimbursements - Net	(15,000)	(8,445)	(10,000)	
Total Legal Expense	<u>\$ 44,495</u>	<u>\$ 39,407</u>	<u>\$ 43,500</u>	
Total Board and Legal Expense	<u>\$ 123,190</u>	<u>\$ 97,105</u>	<u>\$ 128,799</u>	

North Carolina State Board of Certified Public Accountant Examiners
Approved Office Expense Budget

	<i>Fiscal Year Budget 2012-2013</i>	<i>Estimated Actual 2012-2013</i>	<i>Approved Budget 2013-2014</i>
Office Decorations	\$ 100	\$ 345	\$ 100
Equipment Rental	800	890	900
Printing	55,000	52,848	58,000
Postage	80,000	87,800	92,000
Supplies	12,000	12,479	12,500
Telephone	7,000	6,806	7,000
Internet & Website	15,000	3,831	4,000
Subscriptions	3,000	3,750	4,000
Repairs & Maintenance	5,000	2,947	5,000
Clipping Service	4,500	4,377	4,500
Computer Software Maintenance	42,000	43,524	45,000
Computer Software	1,000	1,740	5,000
Dues	8,500	8,375	8,500
Insurance	9,500	14,157	15,500
Miscellaneous	1,000	643	1,000
Audit Fees	7,400	7,400	7,700
Credit Card Fees	44,000	40,337	44,000
Banking Fees	4,200	3,992	4,200
Payroll Service	1,800	1,819	1,900
Consulting Fees	1,200	0	1,000
Total Office Expense	<u>\$ 303,000</u>	<u>\$ 298,056</u>	<u>\$ 321,800</u>

***North Carolina State Board of Certified Public Accountant Examiners
Approved Examination Expense Budget***

	<i>Fiscal Year Budget 2012-2013</i>	<i>Estimated Actual 2012-2013</i>	<i>Approved Budget 2013-2014</i>
Exam Sitting & Grading	\$ 1,077,000	\$ 979,094	\$ 1,000,000
Exam Postage	1,300	1,380	1,400
Total Examination Expense	<u>\$ 1,078,300</u>	<u>\$ 980,474</u>	<u>\$ 1,001,400</u>

North Carolina State Board of Certified Public Accountant Examiners
Approved Building Expense Budget

	<i>Fiscal Year Budget 2012-2013</i>	<i>Estimated Actual 2012-2013</i>	<i>Approved Budget 2013-2014</i>
Building Maintenance	\$ 1,500	\$ 1,021	\$ 1,500
Electricity	12,000	11,467	12,000
Grounds Maintenance	11,700	1,961	3,000
Heat & Air Maintenance	5,800	5,118	5,800
Improvements	7,730	5,619	1,000
Insurance	3,500	4,218	4,250
Janitorial Maintenance	6,000	5,700	6,000
Trash Collection	0	449	0
Water & Sewer	1,100	894	1,100
Security	2,000	2,372	2,500
Pest Control	200	0	200
Total Building Expense	<u>\$ 51,530</u>	<u>\$ 38,820</u>	<u>\$ 37,350</u>

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2012286-1

IN THE MATTER OF:
Jones, Brady & Company
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent Jones, Brady & Company (hereinafter "Respondent firm") is a registered certified public accounting partnership in North Carolina.
2. Respondent firm received a "fail" on its most recent engagement peer review, with an acceptance letter date of December 21, 2011.
3. The failed engagement peer review noted a material departure from Statements on Standards for Accounting and Review Services ("SSARS") by Respondent firm.
4. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.



Consent Order - 2
Jones, Brady & Company

2. Respondent firm's failure to comply with SSARS is a violation of 21 NCAC 08N .0404 and .0212.
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm shall receive an unpublished reprimand.
2. Respondent firm's professional staff participating in engagements subject to peer review shall take at least eight (8) hours of group study Accounting and Auditing CPE coursework as part of their annual CPE requirement until such time as Respondent firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review.
3. Respondent firm shall provide the Board with copies of the Peer Review Report, Letter of Response, and Final Letter of Acceptance for Respondent firm's next peer review.

CONSENTED TO THIS THE 18th DAY OF April, 2013.

David C. Jones

Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF May, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]

President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2012298-1

IN THE MATTER OF:
Mark R. Lemmond CPA, PLLC
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent Mark R. Lemmond CPA, PLLC (hereinafter "Respondent firm"), is a registered certified public accounting professional limited liability company in North Carolina.
2. Respondent firm received a "fail" on its 2008 engagement peer review.
3. The failed engagement peer review noted a material departure from Statements on Standards for Accounting and Review Services ("SSARS") by Respondent firm.
4. Per 21 NCAC 08M .0106, for all failed and second passed with deficiencies reports, Respondent firm was required to submit to the Board, within sixty (60) days of acceptance, a package to include the Peer Review Report, Letter of Response, and Final Letter of Acceptance.
5. However, Respondent firm did not provide the Board with all of the required documents within the prescribed timeframe.
6. Respondent firm received a "fail" on its most recent engagement peer review, with an acceptance letter date of December 21, 2011.
7. The failed engagement peer review noted a material departure from Statements on Standards for Accounting and Review Services ("SSARS") by Respondent firm.



8. This failed peer review is the second consecutive failed peer review for Respondent firm.
9. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent firm's failure to comply with SSARS, as noted in two (2) consecutive failed peer reviews, is a violation of 21 NCAC 08N .0404 and .0212.
3. Respondent firm's failure to submit to the Board, within sixty (60) days of acceptance, copies of its 2008 Peer Review Report, Letter of Response, and Final Letter of Acceptance constitutes a violation of 21 NCAC 08M .0106 and 08N .0213.
4. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.
2. Respondent firm shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted with this signed Consent Order.
3. Respondent firm's professional staff participating in engagements subject to peer review shall take at least sixteen (16) hours of group study Accounting and Auditing CPE coursework as part of their annual CPE requirement until



Consent Order - 3
Mark R. Lemmond CPA, PLLC

such time as Respondent firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review.

4. Respondent firm shall provide the Board with copies of the Peer Review Report, Letter of Response, and Final Letter of Acceptance for Respondent firm's next peer review.

CONSENTED TO THIS THE 16 DAY OF April, 2013.

Mark R. Lemmond

Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF MAY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: *[Signature]*

President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2012309-1

IN THE MATTER OF:
Loreilie Rhyne, CPA
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent Loreilie Rhyne, CPA (hereinafter "Respondent firm"), is a registered certified public accounting firm in North Carolina.
2. Respondent firm received a "fail" on its most recent engagement peer review, with an acceptance letter date of August 22, 2011.
3. The failed engagement peer review noted a material departure from Statements on Standards for Accounting and Review Services ("SSARS") and Statements on Standards for Attestation Engagements ("SSAE") by Respondent firm.
4. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent firm's failure to comply with SSARS and SSAE is a violation of 21 NCAC 08N .0404, .0406, and .0212.



Consent Order - 2
Loreilie Rhyne, CPA

3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm shall receive an unpublished reprimand.
2. Respondent firm shall provide a written statement to the Board that it will no longer be participating in, performing, or reviewing any engagements subject to peer review.
3. Prior to entering into any engagements subject to peer review, Respondent firm shall provide notification to the Board of Respondent firm's intention to enter into engagement subject to peer review.
4. Prior to Respondent firm participating in, performing, or reviewing any engagements subject to peer review, each of Respondent firm's professional staff participating in engagements subject to peer review shall take at least eight (8) hours of group study Accounting and Auditing CPE coursework as part of their annual CPE requirement until such time as Respondent firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review.

CONSENTED TO THIS THE 22 DAY OF April, 2013.

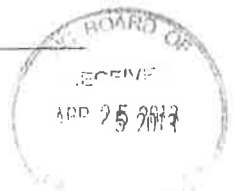
Loreilie Rhyne CPA
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF May, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2012323-1

IN THE MATTER OF:
Brown Jenkins & Oneyear, P.A.
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent Brown Jenkins & Oneyear, P.A. (hereinafter "Respondent firm"), is a registered certified public accounting professional corporation in North Carolina.
2. Respondent firm received a "fail" on its system peer review, having an acceptance letter date of March 2, 2011.
3. The failed system peer review noted a material departure from Generally Accepted Auditing Standards ("GAAS") by Respondent firm.
4. Subsequently, Respondent firm received a "pass" on its system peer review, having an acceptance letter date of December 17, 2012.
5. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Consent Order - 2

Brown Jenkins & Oneyear, P.A.

Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's failure to comply with GAAS is a violation of 21 NCAC 08N .0403 and .0212.
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.

CONSENTED TO THIS THE 2nd DAY OF May, 2013.



Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF MAY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013003

IN THE MATTER OF:
James C. White, #20676
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 20676 as a Certified Public Accountant.
2. Respondent informed the Board on his 2012-2013 individual certificate Renewal ("Renewal") that he had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet his 2011 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2011 requirements.
5. Respondent failed to provide the certificate or certificates of completion needed to document completion of any of the CPE hours that Respondent claimed he earned between January 1, 2011, and December 31, 2011, as was reported on his Renewal. Respondent contended that he is unable to locate his records documenting his 2011 CPE. He further admitted that he was unable to locate the records needed to substantiate his CPE for 2009 and 2010.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.



BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may not apply for the reissuance of his certificate for at least two (2) years from the date the Board approves this Consent Order and until the civil penalty required in number five (5) of this Order has been paid by Respondent.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application, which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Eighty (80) hours of CPE in the twelve (12) months preceding the application including the eight (8) hour Accountancy Law course as offered by the North Carolina Association of CPAs in a group-study format.



Consent Order -3
James C. White

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of his certificate.

CONSENTED TO THIS THE 7th DAY OF April, 2013.

Respondent J C White

APPROVED BY THE BOARD THIS THE 23 DAY OF MAY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013007

IN THE MATTER OF:
Rhonda A. Thomas, #30248
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 30248 as a Certified Public Accountant.
2. Respondent informed the Board on her 2012-2013 individual certificate Renewal ("Renewal") that she had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet her 2011 CPE requirements.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2011 requirements.
5. Respondent provided the CPE certificates of completion to the Board as requested. Respondent was unable to provide all of the certificates of completion needed to document completion of her 2011 CPE requirements.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:



1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew her certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return her certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may not apply for the reissuance of her certificate for at least one (1) year from the date the Board approves this Consent Order and until the civil penalty required in number five (5) of this Order has been paid by Respondent.
4. Respondent may apply to return her certificate to active status by submission and approval of a reissuance application, which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Forty-three (43) hours of CPE in the twelve (12) months preceding the application including the eight (8) hour Accountancy Law course as offered by the North Carolina Association of CPAs in a group-study format.
5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.



Consent Order -3
Rhonda A. Thomas

6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 2nd DAY OF April, 2013.

Rhonda A. Thomas
Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF MAY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President



Financial Highlights
For the Two Month Period Ended May 31, 2013
Compared to the Two Month Period Ended May 31, 2012

	Budget Var.	May-13	May-12	Inc. (Dec.)
Total Revenue	-\$28,084.78	\$ 801,355.90	\$ 923,078.53	\$ (121,722.63)
■ Total Operating Revenue	-\$28,597.69	\$ 792,884.65	\$ 914,046.35	\$ (121,161.70)
❖ Total Net Non Operating Revenue	\$512.91	\$ 8,471.25	\$ 9,032.18	\$ (560.93)
○ Total Expenses	-\$2,451.69	\$ 519,652.79	\$ 506,271.83	\$ 13,380.96
Increase(Dec.) Net Assets for Period		\$ 281,703.11	\$ 416,806.70	\$ (135,103.59)
Total Checking and Savings		\$ 443,027.39	\$ 631,807.57	\$ (188,780.18)
Total Assets		\$ 3,191,798.46	\$ 3,396,326.03	\$ (204,527.57)
Full-Time/Part-time Employees		13/1	13/1	0/0

Revenues were \$28,000 under budget primarily due to certificate fee renewals.

Actual expenses were \$6,700 under budget, primarily due to credit card fees related to above.

- Total operating revenue decreased this period compared to last by \$121,200 primarily due to the timing of collection of certificate renewal fees (\$84,000) and a decrease in exam fee revenue (\$29,000).
- ❖ Total net non operating revenue decreased this period compared to last by \$560 primarily due to reduced interest income.
- Total expenses increased this period compared to last by \$13,400 primarily due to salary expense.

06/05/13

NC Board of CPA Examiners
Statement of Net Position
 As of May 31, 2013

	May 31, 13	May 31, 12
ASSETS		
Current Assets		
Checking/Savings		
1074 · Trust Atlantic Bank - MMA	117,075.71	0.00
1023 · BB&T Disciplinary Clearing Acct	1,000.00	2,300.00
1020 · BB&T Checking Acct	310,955.84	315,020.75
1021 · BB&T Savings Account	13,895.84	313,669.90
1030 · BB&T Payroll Acct	100.00	816.92
Total Checking/Savings	443,027.39	631,807.57
Other Current Assets		
1110 · Accrued CD Interest	3,711.72	3,983.46
1050 · CD Investments - Current	1,118,284.19	660,614.81
1165 · Deferred Lease Commissions	3,090.84	4,945.44
1125 · Accts Rec Civil Penalties	3,650.00	8,000.00
1120 · Accounts Receivable	819.87	981.71
Total Other Current Assets	1,129,556.62	678,525.42
Total Current Assets	1,572,584.01	1,310,332.99
Fixed Assets		
1330 · Land Improvement	9,240.90	0.00
1300 · Building	917,143.10	917,143.10
1305 · Land	300,000.00	300,000.00
1306 · Vehicle	26,622.40	26,622.40
1310 · Furniture	113,918.90	113,918.90
1320 · Equipment	170,340.04	201,613.37
1325 · Data Base Software	180,336.18	180,336.18
1390 · Accumulated Depreciation	-735,400.10	-709,633.91
Total Fixed Assets	982,201.42	1,030,000.04
Other Assets		
1250 · CD Investments Non-Current	637,013.03	1,055,993.00
Total Other Assets	637,013.03	1,055,993.00
TOTAL ASSETS	3,191,798.46	3,396,326.03
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	0.00	1,702.23
Total Accounts Payable	0.00	1,702.23
Other Current Liabilities		
2040 · Accounts Payable Civil Penalty	3,285.00	7,040.00
2005 · Due to Exam Vendors	497,612.80	611,966.37
2015 · Accrued Vacation Current	25,435.87	0.00
Total Other Current Liabilities	526,333.67	619,006.37
Total Current Liabilities	526,333.67	620,708.60

06/05/13

NC Board of CPA Examiners
Statement of Net Position
 As of May 31, 2013

	May 31, 13	May 31, 12
Long Term Liabilities		
2020 · Accrued Vacation	64,207.91	77,458.20
Total Long Term Liabilities	64,207.91	77,458.20
Total Liabilities	590,541.58	698,166.80
Net Assets		
3010 · Net Assets Invest in Cap Assets	982,201.42	1,030,000.04
3020 · Designated for Capital Assets	100,000.00	300,000.00
3031 · Designated-Operating Expenses	300,000.00	300,000.00
3040 · Designated for Litigation	750,000.00	500,000.00
3900 · Net Assets Undesignated	187,352.35	151,352.49
Change in Net Assets	281,703.11	416,806.70
Total Net Assets	2,601,256.88	2,698,159.23
TOTAL LIABILITIES & NET ASSETS	3,191,798.46	3,396,326.03

06/05/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through May 2013

	Apr - May...	Budget	\$ Over Bu...
Ordinary Income/Expense			
Income			
Certificate Fees			
4110 · Certificates - Initial	8,400.00	8,916.66	-516.66
4120 · Certificates - Reciprocal	3,300.00	4,000.00	-700.00
4121 · Certificates - Recip/Temp	0.00	0.00	0.00
4130 · Certificates - Temporary	0.00	0.00	0.00
4131 · Certificates - Temp Renewal	0.00	0.00	0.00
4140 · Certificates - Renewal Fees	496,320.00	569,610.00	-73,290.00
4150 · Certificates - Reinst/Revoked	600.00	0.00	600.00
4151 · Certificates - Reinst/Surr	1,500.00	1,900.00	-400.00
4152 · Certificates - Reinst/Retired	60.00	0.00	60.00
4160 · Certificates - Notification	0.00	0.00	0.00
4161 · Certificate - Notification RnwI	0.00	0.00	0.00
Total Certificate Fees	510,180.00	584,426.66	-74,246.66
Exam Fee Revenue			
4001 · Initial Adm Fees	41,170.00	36,800.00	4,370.00
4002 · Re-Exam Adm Fees	27,675.00	26,162.50	1,512.50
4004 · Exam Fees Revenue	216,062.50	180,000.00	36,062.50
4060 · Equivalency Exam Fees	0.00	0.00	0.00
4070 · Transfer Exam Grade Credit	0.00	0.00	0.00
4071 · Exam Review Fees	0.00	0.00	0.00
4072 · Exam Scholarship Coupon	-2,859.60	-6,990.16	4,130.56
Total Exam Fee Revenue	282,047.90	235,972.34	46,075.56
Misc			
4910 · Educational Program Fees	0.00	0.00	0.00
4970 · Duplicate Certificates	125.00	0.00	125.00
4980 · Copies	0.00	0.00	0.00
4990 · Miscellaneous	126.75	250.00	-123.25
Total Misc	251.75	250.00	1.75
Partnership Fees			
4260 · Partnership Registration Fees	0.00	0.00	0.00
4261 · Partnership Renewal Fees	0.00	0.00	0.00
Total Partnership Fees	0.00	0.00	0.00
Professional Corporation Fees			
4250 · PC Registration Fees	300.00	833.34	-533.34
4251 · PC Renewal Fees	75.00	0.00	75.00
4252 · PC Renewal Fees W/Penalties	30.00	0.00	30.00
Total Professional Corporation Fees	405.00	833.34	-428.34
Total Income	792,884.65	821,482.34	-28,597.69
Expense			
6900 · Bad Debit Expense	0.00	0.00	0.00
6690 · Over & Short	-0.01	0.00	-0.01

06/05/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through May 2013

	<u>Apr - May...</u>	<u>Budget</u>	<u>\$ Over Bu...</u>
Fringe Benefits			
5031 · Retirement - NCLB Contribution	12,024.61	9,115.84	2,908.77
5033 · Retirement - NCLB Administr	204.16	833.33	-629.17
5035 · Health Ins. Premiums	17,056.06	26,834.34	-9,778.28
5036 · Medical Reim Plan	5,520.00	6,500.00	-980.00
5038 · Unemployment Claims	0.00	0.00	0.00
Total Fringe Benefits	34,804.83	43,283.51	-8,478.68
Board Travel			
5120 · Board Travel - Board Meetings	1,721.82	3,920.00	-2,198.18
5121 · Board Travel - Prof Meetings	0.00	0.00	0.00
5122 · Board Travel - NASBA Annual	0.00	0.00	0.00
5123 · Board Travel - NASBA Regional	695.00	0.00	695.00
5124 · Board Travel - NASBA Committees	0.00	0.00	0.00
5125 · Board Travel - AICPA/NASBA	0.00	2,900.00	-2,900.00
5126 · Board Travel - NCACPA Annual	0.00	0.00	0.00
5127 · Board Travel - NCACPA/Board	222.54	0.00	222.54
5128 · Board Travel - AICPA Committees	0.00	0.00	0.00
5129 · Miscellaneous Board Costs	2,348.76	0.00	2,348.76
5133 · Board Travel - NASBA CPE	0.00	0.00	0.00
Total Board Travel	4,988.12	6,820.00	-1,831.88
Building Expenses			
5800 · Building Maintenance	75.00	1,500.00	-1,425.00
5801 · Electricity	1,454.18	2,000.00	-545.82
5802 · Grounds Maintenance	347.00	500.00	-153.00
5803 · Heat & Air Maintenance	0.00	0.00	0.00
5804 · Improvements	0.00	0.00	0.00
5805 · Insurance	0.00	0.00	0.00
5807 · Janitorial Maintenance	950.00	1,000.00	-50.00
5808 · Pest Control Service	0.00	200.00	-200.00
5809 · Security & Fire Alarm	0.00	0.00	0.00
5810 · Trash Collection	-99.07	0.00	-99.07
5811 · Water & Sewer	70.74	183.34	-112.60
Total Building Expenses	2,797.85	5,383.34	-2,585.49
Continuing Education -Staff			
5050 · Continuing Education - Staff	3,371.00	3,500.00	-129.00
5051 · Continuing Education - RNB	0.00	0.00	0.00
5052 · Continuing Education - Computer	0.00	0.00	0.00
Total Continuing Education -Staff	3,371.00	3,500.00	-129.00
Exam Postage			
5531 · Exam Postage	0.00	233.34	-233.34
Total Exam Postage	0.00	233.34	-233.34
Exam Printing			
5533 · Exam Printing	0.00	0.00	0.00
Total Exam Printing	0.00	0.00	0.00

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	<u>Apr - May...</u>	<u>Budget</u>	<u>\$ Over Bu...</u>
Exam Sitting and Grading			
5538 · Exam Vendor Expense	207,618.85	166,666.66	40,952.19
Total Exam Sitting and Grading	207,618.85	166,666.66	40,952.19
Exam Supplies			
5532 · Exam Supplies	0.00	0.00	0.00
Total Exam Supplies	0.00	0.00	0.00
Exam Temporary Staff			
5530-10 · Temp Employees - May	0.00	0.00	0.00
5530-20 · Temp Employees - Nov	0.00	0.00	0.00
Total Exam Temporary Staff	0.00	0.00	0.00
Investigation & Hearing Costs			
5220 · Investigator Fees	0.00	0.00	0.00
5221 · Staff Investigation Costs	0.00	0.00	0.00
5222 · Investigation Materials	1,072.04	1,666.66	-594.62
5230 · Hearing Costs	0.00	833.34	-833.34
5231 · Rule-Making Hearing Costs	0.00	0.00	0.00
5232 · Legal Advertising	0.00	0.00	0.00
5250 · Administrative Cost Assessed	-100.00	-416.66	316.66
5260 · Civil Penalties Assessed	-2,000.00	-1,250.00	-750.00
5261 · Civil Penalties Remitted	-2,472.03	0.00	-2,472.03
Total Investigation & Hearing Costs	-3,499.99	833.34	-4,333.33
Legal Expense			
5140 · Legal Counsel - Administrative	1,342.50	4,000.00	-2,657.50
5141 · Legal Counsel - Spec Projects	0.00	0.00	0.00
5210 · Legal Counsel - Prof Standards	585.00	2,000.00	-1,415.00
5211 · Legal Counsel - Litigation	0.00	2,500.00	-2,500.00
Total Legal Expense	1,927.50	8,500.00	-6,572.50
Misc Personnel			
5034 · Misc. Payroll Deduction	500.00	100.00	400.00
5037 · HSA Deduction	0.00	0.00	0.00
5090 · Flowers, Gifts, Etc.	53.38	0.00	53.38
5091 · Staff Recruiting	299.00	0.00	299.00
5092 · Misc. Personnel Costs	211.09	400.00	-188.91
Total Misc Personnel	1,063.47	500.00	563.47
Office Expense			
5301 · Equipment Rent	444.90	900.00	-455.10
5310 · Decorations	0.00	0.00	0.00
5320 · Payroll Service	299.59	316.66	-17.07
5360 · Telephone	589.97	1,166.66	-576.69
5361 · Internet & Website	659.80	666.66	-6.86
5390 · Clipping Service	334.48	750.00	-415.52
5400 · Computer Prog/Assistance	0.00	400.00	-400.00
5405 · Computer Software Maintenance	3,397.71	7,500.00	-4,102.29
5410 · Dues	0.00	0.00	0.00
5420 · Insurance	0.00	0.00	0.00
5430 · Audit Fees	0.00	0.00	0.00
5435 · Consulting Services	0.00	166.66	-166.66

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 April 2013 through May 2013

	Apr - May...	Budget	\$ Over Bu...
5440 · Misc Office Expense	210.00	1,000.00	-790.00
5445 · Banking Fees	320.52	700.00	-379.48
5450 · Credit Card Fees	1,794.82	7,333.34	-5,538.52
Total Office Expense	8,051.79	20,899.98	-12,848.19
Per Diem - Board			
5110 · Per Diem - Board Meetings	1,400.00	2,400.00	-1,000.00
5111 · Per Diem - Prof Meetings	100.00	666.66	-566.66
5112 · Per Diem - NASBA Annual	0.00	0.00	0.00
5113 · Per Diem - NASBA Regional	0.00	0.00	0.00
5114 · Per Diem - NASBA Committees	400.00	0.00	400.00
5115 · Per Diem - AICPA/NASBA	0.00	0.00	0.00
5116 · Per Diem - NCACPA Annual	0.00	0.00	0.00
5117 · Per Diem - NCACPA/Board	200.00	0.00	200.00
5118 · Per Diem - AICPA Committees	0.00	0.00	0.00
5119 · Per Diem - Miscellaneous	0.00	0.00	0.00
5130 · Clerical Reimbursement	0.00	0.00	0.00
5135 · Per Diem - NASBA CPE	0.00	0.00	0.00
Total Per Diem - Board	2,100.00	3,066.66	-966.66
Postage			
5345 · Postage - UPS	5,000.00	5,000.00	0.00
5340 · Postage - Other	187.91	2,666.66	-2,478.75
5341 · Postage - Newsletter	17,100.00	11,000.00	6,100.00
5342 · Postage - Business Reply	0.00	416.66	-416.66
5343 · Postage - Renewal	0.00	333.34	-333.34
5344 · Postage - Rulebook	0.00	0.00	0.00
Total Postage	22,287.91	19,416.66	2,871.25
Printing			
5330 · Printing - Other	438.00	1,000.00	-562.00
5331 · Printing - Newsletter	4,042.74	8,666.66	-4,623.92
5332 · Printing - Special Projects	0.00	0.00	0.00
5333 · Printing - Renewal	0.00	0.00	0.00
5334 · Printing - Rulebook	0.00	0.00	0.00
5335 · Mailing Label Printing	0.00	0.00	0.00
Total Printing	4,480.74	9,666.66	-5,185.92
Repairs & Maintenance			
5380 · Repairs - Misc.	0.00	0.00	0.00
5381 · Maintenance - Copiers	294.75	416.66	-121.91
5382 · Maintenance - Computer	0.00	329.16	-329.16
5383 · Maintenance - Postage	0.00	87.50	-87.50
Total Repairs & Maintenance	294.75	833.32	-538.57
Salaries & Payroll Taxes			
5010 · Staff Salaries	200,587.00	200,410.76	176.24
5020 · Part-Time Staff Salaries	1,788.75	1,788.75	0.00
5021 · Temporary Contractors	13.75	0.00	13.75
5030 · FICA Taxes	15,512.25	11,784.84	3,727.41
Total Salaries & Payroll Taxes	217,901.75	213,984.35	3,917.40

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Statement of Revenues & Expense - Budget v. Actual
 April 2013 through May 2013

	<u>Apr - May...</u>	<u>Budget</u>	<u>\$ Over Bu...</u>
Scholarships			
5535 · Scholarship	2,000.00	10,000.00	-8,000.00
Total Scholarships	2,000.00	10,000.00	-8,000.00
Staff Travel			
5060 · Staff Travel - Local	114.64	375.00	-260.36
5061 · Staff Travel - Prof Mtgs	58.09	591.66	-533.57
5062 · Staff Travel - NASBA CPE	0.00	0.00	0.00
5063 · Staff Travel - NASBA Ethics	0.00	0.00	0.00
5070 · Staff Travel - NASBA Annual	0.00	0.00	0.00
5071 · Staff Travel - NASBA Regional	2,085.00	0.00	2,085.00
5072 · Staff Travel - NASBA Administr	9.00	0.00	9.00
5073 · Staff Travel - NASBA Committee	492.57	0.00	492.57
5074 · Staff Travel - AICPA	0.00	200.00	-200.00
5075 · Staff Travel - NCACPA Annual	0.00	0.00	0.00
5076 · Staff Travel - NCACPA/Board	0.00	0.00	0.00
5077 · Staff Travel - Clear Conference	0.00	0.00	0.00
5078 · Staff Travel - Vehicle	503.64	1,000.00	-496.36
5080 · Staff Travel - Univ Dialogue	0.00	0.00	0.00
Total Staff Travel	3,262.94	2,166.66	1,096.28
Subscriptions/References			
5370 · Subscriptions/References	22.50	666.66	-644.16
Total Subscriptions/References	22.50	666.66	-644.16
Supplies			
5350 · Supplies - Office	1,041.84	1,083.34	-41.50
5351 · Supplies - Copier	606.00	600.00	6.00
5352 · Supplies - Computer	4,530.95	4,000.00	530.95
5353 · Supplies - Special Projects	0.00	0.00	0.00
Total Supplies	6,178.79	5,683.34	495.45
5920 · Funded Depreciation	0.00	0.00	0.00
6999 · Uncategorized Expenses	0.00	0.00	0.00
9999 · Suspense	0.00	0.00	0.00
Total Expense	519,652.79	522,104.48	-2,451.69
Net Ordinary Income	273,231.86	299,377.86	-26,146.00
Other Income/Expense			
Other Income			
8250 · Gift Card Revenue	0.00	0.00	0.00
Interest Income			
8500 · Interest Income - MMAs	4.49	0.00	4.49
8505 · Interest Income - BB&T BUS IDA	0.00	0.00	0.00
8510 · Interest Income - CDs	3,316.76	2,758.34	558.42
8520 · Interest Income - Prudential TB	0.00	0.00	0.00
8530 · Interest Income - Wachovia MM	0.00	0.00	0.00
Total Interest Income	3,321.25	2,758.34	562.91

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 April 2013 through May 2013

	<u>Apr - May...</u>	<u>Budget</u>	<u>\$ Over Bu...</u>
8200 · Rental Income	5,150.00	5,200.00	-50.00
8920 · Gain on Sale of Fixed Assets	0.00	0.00	0.00
8921 · Loss on Sale of Fixed Assets	0.00	0.00	0.00
Total Other Income	8,471.25	7,958.34	512.91
Other Expense			
7000 · Leasing Commission	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	8,471.25	7,958.34	512.91
Change in Net Assets	<u>281,703.11</u>	<u>307,336.20</u>	<u>-25,633.09</u>

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NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - May...	Apr - May...
Ordinary Income/Expense		
Income		
Certificate Fees		
4110 · Certificates - Initial	8,400.00	7,200.00
4120 · Certificates - Reciprocal	3,300.00	2,700.00
4140 · Certificates - Renewal Fees	496,320.00	580,740.00
4150 · Certificates - Reinst/Revoked	600.00	600.00
4151 · Certificates - Reinst/Surr	1,500.00	500.00
4152 · Certificates - Reinst/Retired	60.00	0.00
Total Certificate Fees	510,180.00	591,740.00
Exam Fee Revenue		
4001 · Initial Adm Fees	41,170.00	52,900.00
4002 · Re-Exam Adm Fees	27,675.00	26,100.00
4004 · Exam Fees Revenue	216,062.50	247,127.35
4072 · Exam Scholarship Coupon	-2,859.60	-4,866.00
Total Exam Fee Revenue	282,047.90	321,261.35
Misc		
4970 · Duplicate Certificates	125.00	150.00
4990 · Miscellaneous	126.75	60.00
Total Misc	251.75	210.00
Professional Corporation Fees		
4250 · PC Registration Fees	300.00	800.00
4251 · PC Renewal Fees	75.00	25.00
4252 · PC Renewal Fees W/Penalties	30.00	10.00
Total Professional Corporation Fees	405.00	835.00
Total Income	792,884.65	914,046.35
Expense		
6690 · Over & Short	-0.01	-0.07
Fringe Benefits		
5031 · Retirement - NCLB Contribution	12,024.61	9,575.89
5033 · Retirement - NCLB Administr	204.16	239.75
5035 · Health Ins. Premiums	17,056.06	19,087.76
5036 · Medical Reim Plan	5,520.00	7,853.84
Total Fringe Benefits	34,804.83	36,757.24
Board Travel		
5120 · Board Travel - Board Meetings	1,721.82	3,615.45
5121 · Board Travel - Prof Meetings	0.00	85.53
5123 · Board Travel - NASBA Regional	695.00	0.00
5127 · Board Travel - NCACPA/Board	222.54	1,962.53
5129 · Miscellaneous Board Costs	2,348.76	0.00
Total Board Travel	4,988.12	5,663.51

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Statement of Revenues & Expenses
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	Apr - May...	Apr - May...
Building Expenses		
5800 · Building Maintenance	75.00	282.74
5801 · Electricity	1,454.18	1,522.33
5802 · Grounds Maintenance	347.00	308.36
5807 · Janitorial Maintenance	950.00	950.00
5810 · Trash Collection	-99.07	-246.82
5811 · Water & Sewer	70.74	74.03
Total Building Expenses	2,797.85	2,890.64
Continuing Education -Staff		
5050 · Continuing Education - Staff	3,371.00	0.00
Total Continuing Education -Staff	3,371.00	0.00
Exam Sitting and Grading		
5538 · Exam Vendor Expense	207,618.85	237,302.35
Total Exam Sitting and Grading	207,618.85	237,302.35
Investigation & Hearing Costs		
5222 · Investigation Materials	1,072.04	880.13
5250 · Administrative Cost Assessed	-100.00	-5,181.50
5260 · Civil Penalties Assessed	-2,000.00	-7,800.00
5261 · Civil Penalties Remitted	-2,472.03	5,694.65
Total Investigation & Hearing Costs	-3,499.99	-6,406.72
Legal Expense		
5140 · Legal Counsel - Administrative	1,342.50	1,012.50
5210 · Legal Counsel - Prof Standards	585.00	195.00
Total Legal Expense	1,927.50	1,207.50
Misc Personnel		
5034 · Misc. Payroll Deduction	500.00	329.00
5037 · HSA Deduction	0.00	154.00
5090 · Flowers, Gifts, Etc.	53.38	0.00
5091 · Staff Recruiting	299.00	0.00
5092 · Misc. Personnel Costs	211.09	53.70
Total Misc Personnel	1,063.47	536.70
Office Expense		
5301 · Equipment Rent	444.90	444.90
5320 · Payroll Service	299.59	287.45
5360 · Telephone	589.97	370.70
5361 · Internet & Website	659.80	958.71
5390 · Clipping Service	334.48	393.92
5405 · Computer Software Maintenance	3,397.71	3,298.75
5410 · Dues	0.00	470.00
5440 · Misc Office Expense	210.00	0.00
5445 · Banking Fees	320.52	276.06
5450 · Credit Card Fees	1,794.82	9,058.04
Total Office Expense	8,051.79	15,558.53

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	<u>Apr - May...</u>	<u>Apr - May...</u>
Per Diem - Board		
5110 · Per Diem - Board Meetings	1,400.00	1,400.00
5111 · Per Diem - Prof Meetings	100.00	2,637.52
5114 · Per Diem - NASBA Committees	400.00	800.00
5117 · Per Diem - NCACPA/Board	200.00	150.00
Total Per Diem - Board	<u>2,100.00</u>	<u>4,987.52</u>
Postage		
5345 · Postage - UPS	5,000.00	0.00
5340 · Postage - Other	187.91	3,950.00
5341 · Postage - Newsletter	17,100.00	15,071.64
5342 · Postage - Business Reply	0.00	200.00
Total Postage	<u>22,287.91</u>	<u>19,221.64</u>
Printing		
5330 · Printing - Other	438.00	477.66
5331 · Printing - Newsletter	4,042.74	8,138.84
Total Printing	<u>4,480.74</u>	<u>8,616.50</u>
Repairs & Maintenance		
5381 · Maintenance - Copiers	294.75	222.55
Total Repairs & Maintenance	<u>294.75</u>	<u>222.55</u>
Salaries & Payroll Taxes		
5010 · Staff Salaries	200,587.00	159,598.18
5020 · Part-Time Staff Salaries	1,788.75	1,976.25
5021 · Temporary Contractors	13.75	0.00
5030 · FICA Taxes	15,512.25	12,396.55
Total Salaries & Payroll Taxes	<u>217,901.75</u>	<u>173,970.98</u>
Scholarships		
5535 · Scholarship	2,000.00	4,000.00
Total Scholarships	<u>2,000.00</u>	<u>4,000.00</u>
Staff Travel		
5060 · Staff Travel - Local	114.64	0.00
5061 · Staff Travel - Prof Mtgs	58.09	0.00
5071 · Staff Travel - NASBA Regional	2,085.00	0.00
5072 · Staff Travel - NASBA Administr	9.00	8.00
5073 · Staff Travel - NASBA Committee	492.57	117.43
5074 · Staff Travel - AICPA	0.00	171.06
5078 · Staff Travel - Vehicle	503.64	117.22
Total Staff Travel	<u>3,262.94</u>	<u>413.71</u>
Subscriptions/References		
5370 · Subscriptions/References	22.50	180.00
Total Subscriptions/References	<u>22.50</u>	<u>180.00</u>

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NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - May...	Apr - May...
Supplies		
5350 · Supplies - Office	1,041.84	855.25
5351 · Supplies - Copier	606.00	0.00
5352 · Supplies - Computer	4,530.95	294.00
Total Supplies	6,178.79	1,149.25
9999 · Suspense	0.00	0.00
Total Expense	519,652.79	506,271.83
Net Ordinary Income	273,231.86	407,774.52
Other Income/Expense		
Other Income		
Interest Income		
8500 · Interest Income - MMAs	4.49	0.00
8510 · Interest Income - CDs	3,316.76	4,032.18
Total Interest Income	3,321.25	4,032.18
8200 · Rental Income	5,150.00	5,000.00
Total Other Income	8,471.25	9,032.18
Net Other Income	8,471.25	9,032.18
Change in Net Assets	281,703.11	416,806.70

Draft Rules Recommended by Staff for Consideration for Rule-Making

1. 21 NCAC 08A .0301 DEFINITIONS – delete retired status (pages 1-3)
2. **21 NCAC 08F .0103 FILING EXAM APPLICATION – add application restrictions- see second draft (pages 4-7)**
3. **21 NCAC 08F .0502 APPLICATION FOR CPA CERTIFICATE – add information required on an application as well applications restrictions- see second draft pages (8-9)**
4. **21 NCAC 08G .0401 CPE REQUIREMENTS FOR CPAS – add requirement for certificate of completion and delete registration of Board registered CPE sponsors- see second draft (pages 10-11)**
5. 21 NCAC 08G .0403 QUALIFICATIONS OF CPE SPONSORS – delete registration requirements for Board registered CPE sponsors (pages 12-13)
6. 21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS – add requirements for internet CPE sponsors and word count formula to determine self-study CPE hours of credit (page 14)
7. **21 NCAC 08G .0410 PROFESSIONAL ETHICS AND CONDUCT – delete registration requirement for Board registered CPE sponsors- see second draft (pages 15-16)**
8. 21 NCAC 08I .0104 MODIFICATION OF DISCIPLINE AND NEW CERTIFICATE – add new language regarding process (page 17)
9. 21 NCAC 08J .0105 – RETIRED AND INACTIVE STATUS CHANGE OF STATUS - delete retired status (page 18)

10. 21NCAC 08J .0106 – FORFEITURE OR INACTIVATION OF CERTIFICATE AND REISSUANCE OR REINSTATEMENT – delete retired status (page 19)
11. 21 NCAC 08 J .0107 – MAILING ADDRESSES OF CERTIFICATE HOLDERS AND CPA FIRMS – add new language (page 20)
12. 21 NCAC 08M .0105 PEER REVIEW REQUIREMENTS – add time period to register for peer review (page 21)
13. 21 NCAC 08N .0202 DECEPTIVE CONDUCT PROHIBITED - delete retired status (page 22)
14. 21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED – add additional prohibited conduct (page 23)
15. **21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS – add additional reporting requirement - see second draft (pages 24-25)**
16. 21 NCAC 08N .0302 FORMS OF PRACTICE – add similar language to a section (page 26)

DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

21 NCAC 08A .0301 DEFINITIONS

(a) The definitions set out in G.S. 93-1(a) apply when those defined terms are used in this Chapter.

(b) In addition to the definitions set out in G.S. 93-1(a), the following definitions and other definitions in this Section apply when these terms are used in this Chapter:

- (1) "Active," when used to refer to the status of a person, describes a person who possesses a North Carolina certificate of qualification and who has not otherwise been granted "~~Retired~~" or "Inactive" status;
- (2) "Agreed upon procedures" means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on financial information prepared by a responsible party;
- (3) "AICPA" means the American Institute of Certified Public Accountants;
- (4) "Applicant" means a person who has applied to take the CPA examination or applied for a certificate of qualification;
- (5) "Attest service or assurance service" means:
 - (A) any audit or engagement to be performed in accordance with the Statements on Auditing Standards, Statements on Generally Accepted Governmental Auditing Standards, and Public Company Accounting Oversight Board Auditing Standards;
 - (B) any review or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;
 - (C) any compilation or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services; or
 - (D) any agreed-upon procedure or engagement to be performed in accordance with the Statements on Standards for Attestation Engagements;
- (6) "Audit" means a professional service whereby a CPA is engaged to examine financial statements, items, accounts, or elements of a financial statement, prepared by management, in order to express an opinion on whether the financial statements, items, accounts, or elements of a financial statement are presented in conformity with generally accepted accounting principles or other comprehensive basis of accounting;
- (7) "Calendar year" means the 12 months beginning January 1 and ending December 31;
- (8) "Candidate" means a person whose application to take the CPA examination has been accepted by the Board and who may sit for the CPA examination;
- (9) "Client" means a person or an entity who orally or in writing agrees with a licensee to receive any professional services performed or delivered in this State;
- (10) "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person;
- (11) "Compilation" means a professional service whereby a CPA is engaged to present, in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the statements;
- (12) "Contingent fee" means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service;
- (13) "CPA" means certified public accountant;
- (14) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional limited liability company, or a registered limited liability partnership which uses "certified public accountant(s)" or "CPA(s)" in or with its name or offers to or renders any attest services in the public practice of accountancy;
- (15) "CPE" means continuing professional education;
- (16) "Disciplinary action" means revocation or suspension of, or refusal to grant, membership, or the imposition of a reprimand, probation, constructive comment, or any other penalty or condition;
- (17) "FASB" means the Financial Accounting Standards Board;
- (18) "Forecast" means prospective financial statements that present, to the best of the responsible party's knowledge and belief, an entity's expected financial position, results of operations, and changes in

- financial position or cash flows that are based on the responsible party's assumptions reflecting conditions the entity expects to exist and the course of action the entity expects to take;
- (19) "GASB" means the Governmental Accounting Standards Board;
- (20) "Inactive," when used to refer to the status of a person, describes one who has requested inactive status and been approved by the Board and who does not use the title "certified public accountant" nor does he or she allow anyone to refer to him or her as a "certified public accountant," and neither he nor she nor anyone else refers to him or her in any representation as described in 21 NCAC 08A .0308(b).
- (21) "IRS" means the Internal Revenue Service;
- (22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;
- (23) "License year" means the 12 months beginning July 1 and ending June 30;
- (24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;
- (25) "NASBA" means the National Association of State Boards of Accountancy;
- (26) "NCACPA" means the North Carolina Association of Certified Public Accountants;
- (27) "North Carolina office" means any office physically located in North Carolina;
- (28) "Person" means any natural person, corporation, partnership, professional limited liability company, registered limited liability partnership, unincorporated association, or other entity;
- (29) "Professional" means arising out of or related to the particular knowledge or skills associated with CPAs;
- (30) "Projection" means prospective financial statements that present, to the best of the responsible party's knowledge and belief, given one or more hypothetical assumptions, an entity's expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party's assumptions reflecting conditions it expects would exist and the course of action it expects would be taken given such hypothetical assumptions;
- (31) "Referral fee" means compensation for recommending or referring any service of a CPA to any person;
- (32) "Retired," when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive or intend to receive in the future any earned compensation for current personal services in any job whatsoever and will not return to active status. However, retired status does not preclude volunteer services for which the retired CPA receives no direct or indirect compensation so long as the retired CPA does not sign any documents, related to such services, as a CPA;
- (33) "Revenue Department" means the North Carolina Department of Revenue;
- (34) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited assurance on whether any material modifications should be made to the financial statements for them to be in conformity with generally accepted accounting principles or other comprehensive basis of accounting;
- (35) "Reviewer" means a member of a review team including the review team captain;
- (36) "Suspension" means a revocation for a specified period of time. A CPA may be reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at the time of suspension;
- (37) "Trade name" means a name used to designate a business enterprise;
- (38) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the information obtained, and the conclusions reached in attest services, tax, consulting, special report, or other engagement. Work papers include programs used to perform professional services, analyses, memoranda, letters of confirmation and representation, checklists, copies or abstracts of company documents, and schedules of commentaries prepared or obtained by the CPA. The forms include handwritten, typed, printed, word processed, photocopied, photographed, computerized data, or any other form of letters, words, pictures, sounds or symbols;
- (39) "Work product" means the end result of the engagement for the client which may include a tax return, attest or assurance report, consulting report, and financial plan. The forms include handwritten, typed, word processed, photocopied, photographed, computerized data, or in any other form of letters, words, pictures, sounds, or symbols.

(c) Any requirement to comply by a specific date to the Board that falls on a weekend or federal holiday shall be received as in compliance if postmarked by U.S. Postal Service cancellation, by that date, if received by a private delivery service by that date, or received in the Board office on the next business day.

History Note: Authority G.S. 93-1; 93-12;

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. February 1, 2011; January 1, 2006; January 1, 2004; April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992.

DRAFT

DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

21 NCAC 08F .0103 FILING OF EXAMINATION APPLICATIONS AND FEES

(a) All applications for CPA examinations shall be filed with the Board, accompanied by the examination fee. The Board sets the fee for each examination at the amount that enables the Board to recover its actual costs of examination services. If a check or credit card authorization fails to clear the bank, the application shall be deemed incomplete and returned.

(b) The initial application filed to take the examination shall include supporting documentation demonstrating that all legal requirements have been met, such as:

- (1) minimum legal age;
- (2) education;
- (3) experience, if required in order to qualify for the examination; and
- (4) good moral character.

(c) Any person born outside the United States shall furnish to the Board office evidence of citizenship; evidence of resident alien status; or

- (1) other bona fide evidence that the applicant is legally allowed to remain in the United States for the purposes of becoming a U.S. citizen; or
- (2) a notarized affidavit of intention to become a U.S. citizen; or
- (3) evidence that the applicant is a citizen of a foreign jurisdiction which extends to citizens of this state like or similar privileges to be examined.

(d) Official transcripts (originals – not photocopies) signed by the college registrar and bearing the college seal are required to prove education and degree requirements. A letter from the college registrar of the school may be filed as documentation that the applicant has met the graduation requirements if the degree has not been awarded and posted to the transcript. However, no examination grades shall be released until an official transcript is filed confirming the information supplied in the college registrar's letter.

(e) In order to document good moral character as required by G.S. 93-12(5), three certificates of good moral character signed by persons not related by blood or marriage to the applicant shall accompany the application.

(f) No additional statements or affidavits regarding education are required for applications for re-examination.

(g) An applicant shall include as part of any application for the CPA examination a statement of explanation and a certified copy final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a prayer for judgment continued or pleaded *nolo contendere* to any criminal offense.

(h) If an applicant has been denied any license by any state or federal agency, the applicant shall include as part of the application for the CPA examination a statement explaining such denial. An applicant shall include a statement of explanation and a certified copy of applicable license records if the applicant has been registered with or licensed by a state or federal agency and has been disciplined by that agency.

(i) Two identical photographs shall accompany the application for the CPA examination and the application for the CPA certificate. These photographs shall be of the applicant alone, 2x2 inches in size, front view, full face, taken in normal street attire without a hat or dark glasses, printed on thin paper with a plain light background and taken within the last six months. Photographs may be in black and white or in color. Photographs retouched so that the applicant's appearance is changed are unacceptable. Applicants shall write their names on the back of their photos.

(j) If an applicant's name has legally changed and is different from the name on any transcript or other document supplied to the Board, the applicant shall furnish copies of the documents legally authorizing the name change.

(k) Candidates shall file initial and re-exam applications to sit for the CPA Examination on forms provided by the Board.

(l) Examination fees are valid for a six-month period from the date of the applicant's notice to schedule for the examination from the examination vendor.

(m) No application for examination shall be considered while the applicant is serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or unsupervised), parole, or suspended sentence, any of which are imposed as a result of having been convicted or having plead to a criminal charge.

History Note: Authority G.S. 93-12(3); 93-12(4); 93-12(5); 93-12(7);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. February 1, 2011; January 1, 2006; January 1, 2004; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989.

DRAFT

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History Note: Authority G.S. 93-12(3); 93-12(4); 93-12(5); 93-12(7);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

56
57
58

Amended Eff. February 1, 2011; January 1, 2006; January 1, 2004; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989.

Second Draft

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08F .0502 APPLICATION FOR CPA CERTIFICATE

4
5 (a) A person applying for a certificate of qualification must file with the Board an application and an experience
6 affidavit on forms provided by the Board and such other evidence as the Board may require in order to determine
7 that the applicant has met the statutory and regulatory requirements.

8 (b) Three certificates of good moral character signed by CPAs shall be submitted with the application for a CPA
9 certificate.

10 (c) An applicant shall include as part of any application for a CPA certificate a statement of explanation and a
11 certified copy of final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a
12 prayer for judgment continued or pleaded *nolo contendere* to any criminal offense. If an applicant has been denied
13 any license by any state or federal agency, the applicant shall also include as part of the application for the CPA
14 certificate a statement explaining such denial. An applicant shall include a statement of explanation and a certified
15 copy of applicable license records if the applicant has been registered with or licensed by a state or federal agency
16 and has been disciplined by that agency

17 (d) No application for a certificate shall be considered while the applicant is serving a sentence for any criminal
18 offense. Serving a sentence includes incarceration, probation (supervised or unsupervised), parole, or suspended
19 sentence, any of which are imposed as a result of having been convicted or having plead to a criminal charge.

20 History Note: Authority G.S. 93-12(5);

21 Eff. December 1, 1982;

22 Amended Eff. March 1, 1990; May 1, 1989; October 1, 1984.

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

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20 charge.

21 *History Note: Authority G.S. 93-12(5);*

22 *Eff. December 1, 1982;*

23 *Amended Eff. March 1, 1990; May 1, 1989; October 1, 1984.*

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08G .0401 CPE REQUIREMENTS FOR CPAS

4
5 (a) In order for a CPA to receive CPE credit for a course:

6 (1) the CPA must attend or complete the course and receive a certificate of completion as set forth in 21
7 NCAC 08G .0403(c)(17);

8 (2) the course must meet the requirements set out in 21 NCAC 08G .0404(a) or (c); and

9 (3) the course must increase the professional competency of the CPA.

10 ~~(b) The Board registers sponsors of CPE courses. A CPE course provided by a registered sponsor is presumed to~~
11 ~~meet the CPE requirements set forth in 21 NCAC 08G .0404(a) if the sponsor has indicated that the course meets~~
12 ~~those requirements. However, it is up to the individual CPAs attending the course and desiring to claim CPE credit~~
13 ~~for it to assess whether it increases their professional competency.~~

14 ~~(e) (b)~~ A course that increases the professional competency of a CPA is a course in an area of accounting in which
15 the CPA practices or is planning to practice in the near future, or in the area of professional ethics or an area related
16 to the profession.

17 ~~(d) (c)~~ Because of differences in the education and experience of CPAs, a course may contribute to the professional
18 competence of one CPA but not another. Each CPA must therefore exercise judgment in selecting courses for which
19 CPE credit is claimed and choose only those that contribute to that CPA's professional competence.

20 ~~(e) (d)~~ Active CPAs must complete 40 CPE hours, computed in accordance with 21 NCAC 08G .0409 by December
21 31 of each year, except as follows:

22 (1) CPAs having certificate applications approved by the Board in April-June must complete 30 CPE hours
23 during the same calendar year.

24 (2) CPAs having certificate applications approved by the Board in July-September must complete 20 CPE
25 hours during the same calendar year.

26 (3) CPAs having certificate applications approved by the Board in October-December must complete 10
27 CPE hours during the same calendar year.

28 ~~(f) (e)~~ There are no CPE requirements for ~~retired or inactive~~ CPAs.

29 ~~(g) (f)~~ Any CPE hours completed during the calendar year in which the certificate is approved may be used for that
30 year's requirement even if the hours were completed before the certificate was granted. When a CPA has completed
31 more than the required number of hours of CPE in any one calendar year, the extra hours, not in excess of 20 hours,
32 may be carried forward and treated as hours earned in the following year. Ethics CPE hours may not be included in
33 any carry forward hours. A CPA may not claim CPE credit for courses taken in any year prior to the year of
34 certification.

35 ~~(h) (g)~~ Any CPE hours used to satisfy the requirements for change of status as set forth in 21 NCAC 08J .0105, for
36 reinstatement as set forth in 21 NCAC 08J .0106, or for application for a new certificate as set forth in 21 NCAC
37 08I. 0104 may also be used to satisfy the annual CPE requirement set forth in Paragraph ~~(e) (d)~~ of this Rule.

38 ~~(i) (h)~~ It is the CPA's responsibility to maintain records substantiating the CPE credits claimed for the current year
39 and for each of the four calendar years prior to the current year.

40 ~~(j) (i)~~ A non-resident licensee may satisfy the annual CPE requirements including 21 NCAC 08G .0401 in the
41 jurisdiction in which he or she is licensed and currently works or resides. If there is no annual CPE requirement in
42 the jurisdiction in which he or she is licensed and currently works or resides, he or she must comply with Paragraph
43 ~~(e) (d)~~ of this Rule.

44 *History Note: Authority G.S. 93-12(8b);*

45 *Eff. May 1, 1981;*

46 *Amended Eff. January 1, 2007; January 1, 2004; August 1, 1995; April 1, 1994; May 1, 1989;*
47 *September 1, 1988.*

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13 ~~for it to assess whether it increases their professional competency.~~

14 ~~(e) (b)~~ A course that increases the professional competency of a CPA is a course in an area of accounting in which
15 the CPA practices or is planning to practice in the near future, or in the area of professional ethics or an area related
16 to the profession.

17 ~~(d) (c)~~ Because of differences in the education and experience of CPAs, a course may contribute to the professional
18 competence of one CPA but not another. Each CPA must therefore exercise judgment in selecting courses for which
19 CPE credit is claimed and choose only those that contribute to that CPA's professional competence.

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39 and for each of the four calendar years prior to the current year.

40 ~~(j) (i)~~ A non-resident licensee may satisfy the annual CPE requirements including 21 NCAC 08G .0401 in the
41 jurisdiction in which he or she is actively licensed and currently works or resides. If there is no annual CPE
42 requirement in the jurisdiction in which he or she is actively licensed and currently works or resides, he or she must
43 comply with Paragraph ~~(e) (d)~~ of this Rule.

44 *History Note: Authority G.S. 93-12(8b);*

45 *Eff. May 1, 1981;*

46 *Amended Eff. January 1, 2007; January 1, 2004; August 1, 1995; April 1, 1994; May 1, 1989;*
47 *September 1, 1988.*

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08G .0403 QUALIFICATION OF CPE SPONSORS**

4
5 (a) The Board ~~does not~~ registers sponsors of CPE courses and ~~not or~~ courses. ~~The Board will maintain a list of~~
6 ~~sponsors which have agreed to conduct programs in accordance with the standards for CPE set forth in this~~
7 ~~Subchapter. Such sponsors shall indicate their agreement by signing a CPE program sponsor agreement form~~
8 ~~provided by the Board. These sponsors are registered sponsors.~~

9 (b) ~~Notwithstanding Paragraph (a) of this Rule, s~~ Sponsors of continuing education programs which are listed in
10 good standing on the National Registry of CPE Sponsors maintained by NASBA are considered to be ~~registered~~
11 CPE sponsors compliant with the CPE requirements with of the Board in (c) of this rule. ~~These sponsors are not~~
12 ~~required to sign a CPE program sponsor agreement form with this Board.~~

13 (c) CPE requirements required of NASBA sponsors ~~In the CPE program sponsor agreement with the Board, the~~
14 ~~registered sponsor shall agree to:~~

- 15 (1) allow the Board to audit courses offered by the sponsor in order to determine if the sponsor is
16 complying with the terms of the agreement and shall refund the registration fee to the auditor if
17 requested by the auditor;
- 18 (2) have an individual who did not prepare the course review each course to be sure it meets the
19 standards for CPE;
- 20 (3) state the following in every brochure or other publication or announcement concerning a course:
 - 21 (A) the general content of the course and the specific knowledge or skill taught in the course;
 - 22 (B) any prerequisites for the course and any advance preparation required for the course and
23 if none, that should be stated;
 - 24 (C) the level of the course, such as basic, intermediate, or advanced;
 - 25 (D) the teaching methods to be used in the course;
 - 26 (E) the amount of sponsor recommended CPE credit a CPA who takes the course could
27 claim; and
 - 28 (F) the date the course is offered, if the course is offered only on a certain date, and, if
29 applicable, the location;
- 30 (4) ensure that the instructors or presenters of the course are qualified to teach the subject matter of
31 the course and to apply the instructional techniques used in the course;
- 32 (5) evaluate the performance of an instructor or presenter of a course to determine whether the
33 instructor or presenter is suited to serve as an instructor or presenter in the future;
- 34 (6) encourage participation in a course only by those who have the appropriate education and
35 experience;
- 36 (7) distribute course materials to participants in a timely manner;
- 37 (8) use physical facilities for conducting the course that are consistent with the instructional
38 techniques used;
- 39 (9) assign accurately the number of CPE credits each participant may be eligible to receive by either:
 - 40 (A) monitoring attendance at a group course; or
 - 41 (B) testing in order to determine if the participant has learned the material presented;
- 42 (10) provide, before the course's conclusion, an opportunity for the attendees to evaluate the quality of
43 the course by questionnaires, oral feedback, or other means, in order to determine whether the
44 course's objectives have been met, its prerequisites were necessary or desirable, the facilities used
45 were satisfactory, and the course content was appropriate for the level of the course;
- 46 (11) inform instructors and presenters of the results of the evaluation of their performance;
- 47 (12) systematically review the evaluation process to ensure its effectiveness;
- 48 (13) retain for five years from the date of the course presentation or completion:
 - 49 (A) a record of participants completing course credit requirements;
 - 50 (B) an outline of the course (or equivalent);
 - 51 (C) the date and location of presentation;
 - 52 (D) the participant evaluations or summaries of evaluations;
 - 53 (E) the documentation of the instructor's qualifications; and
 - 54 (F) the number of contact hours recommended for each participant;
- 55 (14) have a visible, continuous and identifiable contact person who is charged with the administration
56 of the sponsor's CPE programs and has the responsibility and is accountable for assuring and

- 57 demonstrating compliance with these rules by the sponsor or by any other organization working
58 with the sponsor for the development, distribution or presentation of CPE courses;
59 (15) develop and promulgate policies and procedures for the management of grievances including, but
60 not limited to, tuition and fee refunds;
61 (16) possess a budget and resources that are adequate for the activities undertaken and their continued
62 improvement; and
63 (17) provide persons completing course requirements with written proof of completion indicating the
64 participant's name, the name of the course, the date the course was held or completed, the
65 sponsor's name and address, and the number of CPE hours calculated and recommended in
66 accordance with 21 NCAC 08G .0409.
67 ~~(d) Failure of a registered sponsor to comply with the terms of the CPE program sponsor agreement shall be~~
68 ~~grounds for the Board to terminate the agreement, to remove the registered sponsor's name from the list of registered~~
69 ~~sponsors and to notify the public of this action.~~
70 ~~(e)~~ (d) Failure of a National Registry of CPE Sponsor to comply with the terms of this Rule shall be grounds for the
71 Board to disqualify the sponsor to be registered as a CPE sponsor compliant with the CPE requirements with this
72 Board and to notify NASBA and the public of this action.
73

74 *History Note: Authority G.S. 93-12(8b);*
75 *Eff. May 1, 1981;*
76 *Amended Eff. January 1, 2007; January 1, 2004; March 1, 1990; May 1, 1989; August 1, 1988;*
77 *February 1, 1983.*
78

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS

4
5 (a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum shall be
6 given based on contact hours. A contact hour shall be 50 minutes of instruction. One-half credits shall be equal to 25
7 minutes after the first credit hour has been earned in a formal learning activity. For example, a group course lasting
8 100 minutes shall be two contact hours and thus two CPE credits. A group course lasting 75 minutes shall be only
9 one and one-half contact hours and thus one and one-half CPE credits. When individual segments of a group course
10 shall be less than 50 minutes, the sum of the individual segments shall be added to determine the number of contact
11 hours. For example, five 30-minute presentations shall be 150 minutes, which shall be three contact hours and three
12 CPE credits. No credit shall be allowed for a segment unless the participant completes the entire segment. Internet
13 based programs shall employ a monitoring mechanism to verify that participants are actively participating during the
14 duration of the course pursuant to the NASBA Statement on Standards for CPE Programs, Standard No. 13.

15 (b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be
16 granted based on the number of credit hours the college gives the CPA for completing the course. One semester hour
17 of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10 CPE credits; and one
18 continuing education unit (CEU) shall be 10 CPE credits. However, under no circumstances shall CPE credit be
19 given to a CPA who audits a college course.

20 (c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact hours
21 needed to complete the course. The average completion time shall be allowed for CPE credit. A sponsor must
22 determine, on the basis of pre-tests or word count formula pursuant to the NASBA Statement on Standards for CPE
23 Programs, Standard No. 14 the average number of contact hours it takes to complete a course.

24 (d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course for CPAs shall be given based on
25 the number of contact hours spent in preparing and presenting the course. No more than 50 percent of the CPE
26 credits required for a year shall be credits for preparing for and presenting CPE courses. CPE credit for preparing for
27 and presenting a course shall be allowed only once a year for a course presented more than once in the same year by
28 the same CPA.

29 (e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of
30 contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits
31 for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter
32 is not applicable for this CPE credit.

33 (f) Instructing a College Course. CPE credit for instructing a graduate level college course shall be given based on
34 the number of credit hours the college gives a student for successfully completing the course, using the calculation
35 set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing an undergraduate level course. In
36 addition, no more than 50 percent of the CPE credits required for a year shall be credits for instructing a college
37 course and, if CPE credit shall also be claimed under Paragraph (d) of this Rule, no more than 50 percent of the CPE
38 credits required for a year shall be credits claimed under Paragraph (d) and this Paragraph. CPE credit for instructing
39 a college course shall be allowed only once for a course presented more than once in the same year by the same
40 CPA.

41 *History Note: Authority G.S. 93-12(8b);*

42 *Eff. May 1, 1989;*

43 *Amended Eff. February 1, 2012; January 1, 2007; January 1, 2004; February 1, 1996; April 1,*
44 *1994; March 1, 1990.*

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08G .0410 PROFESSIONAL ETHICS AND CONDUCT CPE

4
5 (a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and
6 conduct. They shall complete either two hours in a group study format or in a self-study format of a course on
7 regulatory or behavioral professional ethics and conduct. This CPE shall be offered by a CPE sponsor registered
8 with the Board, or with NASBA pursuant to 21 NCAC 08G .0403(a) or (b).

9 (b) A non-resident licensee whose primary office is in North Carolina must comply with Paragraph (a) of this
10 Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements
11 in the jurisdiction in which he or she is licensed as a CPA and works or resides. If there is no ethics CPE
12 requirement in the jurisdiction where he or she is licensed and currently works or resides, he or she must comply
13 with Paragraph (a) of this Rule.

14
15 *History Note:* Authority G.S. 93-12(8b);
16 Eff. January 1, 2005;
17 Amended Eff. February 1, 2012; January 1, 2007; January 1, 2006.
18

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08G .0410 PROFESSIONAL ETHICS AND CONDUCT CPE**

4
5 (a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and
6 conduct. They shall complete either two hours in a group study format or in a self-study format of a course on
7 regulatory or behavioral professional ethics and conduct. This CPE shall be offered by a CPE sponsor registered
8 with ~~the Board, or with~~ NASBA pursuant to 21 NCAC 08G .0403(a) ~~or~~ (b).

9 (b) A non-resident licensee whose primary office is in North Carolina must comply with Paragraph (a) of this
10 Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements
11 in the jurisdiction in which he or she is actively licensed as a CPA and works or resides. If there is no ethics CPE
12 requirement in the jurisdiction where he or she is actively licensed and currently works or resides, he or she must
13 comply with Paragraph (a) of this Rule.

14
15 *History Note: Authority G.S. 93-12(8b);*

16 *Eff. January 1, 2005;*

17 *Amended Eff. February 1, 2012; January 1, 2007; January 1, 2006.*

18
Second draft

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08I .0104 MODIFICATION OF DISCIPLINE AND NEW CERTIFICATE**

4
5 (a) A person or CPA firm that has been ~~permanently revoked~~ disciplined by the Board may apply to the Board for
6 modification of the discipline at any time after the effective date of the Board's decision imposing it; however, if any
7 ~~previous application has been made with respect to the same discipline, no additional application shall be considered~~
8 ~~before the lapse of one year following the Board's decision on that previous application. Provided, however, that an~~
9 ~~application to modify permanent revocation shall not be considered until after five years from the date of the~~
10 ~~original discipline, nor more often than three years after the Board's last decision on any prior application for~~
11 ~~modification.~~

12 (b) The application for modification of discipline or for a new certificate shall be in writing, shall set out and, as
13 appropriate, shall demonstrate good cause for the relief sought. The application for an individual shall be
14 accompanied by at least three supporting recommendations, made under oath, from CPAs who have personal
15 knowledge of the facts relating to the revocation and or discipline of the activities of the applicant since the
16 discipline was imposed. The application for a CPA firm shall be accompanied by at least three supporting
17 recommendations, made under oath, for each CPA partner, CPA member, or CPA shareholder from CPAs who have
18 personal knowledge of the facts relating to the revocation and or discipline of the activities of the CPA partner, CPA
19 member, or CPA shareholder since the discipline was imposed.

20 (c) "Good cause" as used in Paragraph (b) of this Rule means that the applicant is completely rehabilitated with
21 respect to the conduct which was the basis of the discipline. Evidence demonstrating such rehabilitation shall
22 include evidence:

- 23 (1) that such person has not engaged in any conduct during the discipline period which, if that person had
24 been licensed or registered during such period, would have constituted the basis for discipline
25 pursuant to G.S. 93-12(9);
26 (2) that, with respect to any criminal conviction which constituted any part of the previous discipline, the
27 person has completed the sentence imposed; and
28 (3) that, with respect to a court order, civil settlement, lien or other agreement, that restitution has been
29 made to any aggrieved party.

30 (d) In determining good cause, the Board may consider all the applicant's activities since the disciplinary penalty
31 was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the
32 applicant was in good standing with the Board, the applicant's rehabilitative efforts, restitution to damaged parties in
33 the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional
34 probity. For the purpose of this Paragraph, "applicant" shall, in the case of a CPA firm, include CPA partners, CPA
35 members, or CPA shareholders.

36 (e) Any person who applies for a modification of discipline and for a new certificate after revocation shall, in
37 addition to the other requirements of this Section, comply with all qualifications and requirements for initial
38 certification which existed at the time of the original application.

39 (f) No application for a new certificate or for modification of discipline shall be considered while the applicant is
40 serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or
41 unsupervised), parole, or suspended sentence, any of which are imposed as a result of having been convicted or
42 plead to a criminal charge.

43 (g) An application shall ordinarily be ruled upon by the Board on the basis of the recommendations and evidence
44 submitted in support thereof. However, the Board may make additional inquiries of any person or persons, or
45 request additional evidence it deems appropriate.

46 (h) As a condition for a new certificate or modification of discipline, the Board may impose terms and conditions it
47 considers suitable.

48 *History Note: Filed as a Temporary Amendment Eff. September 15, 1983, for a period of 108 days to expire January*
49 *1, 1984;*

50 *Authority G.S. 55B-12; 93-2; 93-12(7a); 93-12(7b); 93-12(9);*

51 *Eff. September 1, 1982;*

52 *Amended Eff. April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990;*
53 *May 1, 1989.*

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08J .0105 ~~RETIRED AND~~ INACTIVE STATUS: CHANGE OF STATUS

4
5 (a) A CPA may apply to the Board for change of status to ~~retired status~~ or inactive status provided the CPA meets
6 the description of the appropriate inactive status as defined in 21 NCAC 08A .0301. Application for any status
7 change may be made on the annual certificate renewal form or another form provided by the Board.

8 (b) A CPA who does not meet the description of inactive or ~~retired~~ as defined in 21 NCAC 08A .0301 may not be or
9 remain on inactive or ~~retired~~ status.

10 (c) A CPA on ~~retired~~ inactive status may change to active status by:

11 (1) paying the certificate renewal fee for the license year in which the application for change of status is
12 received;

13 (2) furnishing the Board with evidence of satisfactory completion of 40 hours of acceptable CPE courses
14 during the 12-month period immediately preceding the application for change of status. Eight of
15 the required hours must be credits derived from a course or examination in North Carolina
16 accountancy statutes and rules (including the Code of Professional Ethics and Conduct contained
17 therein) as set forth in 21 NCAC 08F .0504 08G .0401(a); and

18 (3) furnishing three certificates of moral character and endorsements as to the eligibility signed by CPAs
19 holding valid certificates granted by any state or territory of the United States or the District of
20 Columbia.

21 ~~(d) A CPA on retired status may request change to inactive status by application to the Board.~~

22 ~~(e) Any individual on inactive status may change to active status by complying with the requirements of 21 NCAC~~
23 ~~08J .0106(e).~~

24 History Note: Authority G.S. 93-12(8); 93-12(8b);

25 Eff. December 1, 1982;

26 Curative Adopted Eff. January 25, 1983;

27 Legislative Objection Lodged Eff. January 31, 1983;

28 Amended Eff. February 1, 2012; February 1, 2011; August 1, 1998; August 1, 1995; April 1,
29 1994; March 1, 1990; May 1, 1989.

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08J .0106 FORFEITURE ~~OR INACTIVATION~~ OF CERTIFICATE AND REISSUANCE ~~OR~~
4 REINSTATEMENT
5

6 ~~(a) A certificate holder who determines that the certificate of qualification issued by the Board is no longer needed~~
7 ~~or desired may request inactive status by application to the Board.~~

8 (a) ~~(b)~~ A person who is ~~inactive or~~ has forfeited a certificate is no longer a CPA and thus is not subject to the
9 renewal fee or CPE requirements contained in these Rules.

10 (e) ~~(b)~~ A person who desires request to reinstate an inactive certificate or reissue reissuance of a forfeited certificate
11 shall make application and provide the following to the Board:

12 (1) payment of the current certificate application fee;

13 (2) three certificates of moral character and endorsements as to eligibility signed by CPAs holding valid
14 certificates granted by any state or territory of the United States or the District of Columbia; and

15 (3) evidence of satisfactory completion of the CPE requirement described in 21 NCAC 08J .0105(c)(2).

16 ~~(d)~~ ~~(c)~~ The certificate may be ~~reinstated or~~ reissued if determined by the Board that the person meets the
17 requirements as listed in Paragraph ~~(e)~~ ~~(b)~~ of this Rule.

18 *History Note: Authority G.S. 93-12(5); 93-12(8a); 93-12(8b);*

19 *Eff. October 1, 1984;*

20 *Amended Eff. July 1, 2010; August 1, 1998; February 1, 1996; April 1, 1994; May 1, 1989.*
21

DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

21 NCAC 08J .0107 MAILING ADDRESSES OF CERTIFICATE HOLDERS AND CPA FIRMS

All certificate holders and CPA firms shall notify the Board in writing within 30 days of any change in home address and phone number, CPA firm address and phone number or business location and phone number, and email address.

History Note: Authority G.S. 55B-12; 93-12(7b)(5); 93-12(9);

Eff. October 1, 1984;

Amended Eff. April 1, 1999; April 1, 1991; August 1, 1986.

DRAFT

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08M .0105 PEER REVIEW REQUIREMENTS**

4
5 (a) A CPA or CPA firm providing any of the following services to the public shall participate in a peer review
6 program:

- 7 (1) audits;
8 (2) reviews of financial statements;
9 (3) compilations of financial statements; and
10 (4) agreed-upon procedures or engagement to be performed in accordance with the Statements on
11 Standards for Attestation Engagements.

12 (b) A CPA or CPA firm not providing any of the services listed in Paragraph (a) of this Rule is exempt from peer
13 review until the issuance of the first report provided to a client. A CPA or CPA firm shall register with the peer
14 review program as listed in (d) of this rule within 30 days of the issuance of the first report provided to a client.

15 (c) A CPA, a new CPA firm or a CPA firm exempt from peer review now providing any of the services in Paragraph
16 (a) of this Rule shall furnish to the peer review program selected financial statements, corresponding work papers,
17 and any additional information or documentation required for the peer review program within 24 months of the
18 issuance of the first report provided to a client.

19 (d) Participation in and completion of one of the following peer review programs is required:

- 20 (1) AICPA Peer Review Program; or
21 (2) Any other peer review program found to be substantially equivalent to Subparagraph (1) of this
22 Paragraph in advance by the Board.

23 (e) CPA firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer
24 review.

25 (f) A CPA firm which does not have offices in North Carolina and which has provided any services as listed in G.S.
26 93-10(c)(3) to North Carolina clients is required to participate in a peer review program.

27 (g) Subsequent peer reviews of a CPA firm are due three years and six months from the year end of the 12 month
28 period of the first peer review unless granted an extension by the peer review program.

29 *History Note: Authority G.S. 93-12(7b); 93-12(8c);*

30 *Eff. January 1, 2004;*

31 *Amended Eff. February 1, 2011; January 1, 2006.*
32

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08N .0202 DECEPTIVE CONDUCT PROHIBITED**

4
5 (a) Deception Defined. A CPA shall not engage in deceptive conduct. Deception includes fraud or misrepresentation
6 and representations or omissions which a CPA either knows or should know have a capacity or tendency to deceive.
7 Deceptive conduct is prohibited whether or not anyone has been actually deceived.

8 (b) Prohibited Deception. Prohibited conduct under this Section includes but is not limited to deception in:

- 9 (1) obtaining or maintaining employment;
10 (2) obtaining or keeping clients;
11 (3) obtaining or maintaining certification, ~~retired~~ inactive status, or exemption from peer review;
12 (4) reporting CPE credits;
13 (5) certifying the character or experience of exam or certificate applicants;
14 (6) implying abilities not supported by education, professional attainments, or licensing recognition;
15 (7) asserting that services or products sold in connection with use of the CPA title are of a particular quality
16 or standard when they are not;
17 (8) creating false or unjustified expectations of favorable results;
18 (9) using or permitting another to use the CPA title in a form of business not permitted by the accountancy
19 laws or rules;
20 (10) permitting anyone not certified in this state (including one licensed in another state) to unlawfully use
21 the CPA title in this state or to unlawfully operate as a CPA firm in this state; or
22 (11) falsifying a review, report, or any required program or checklist of any peer review program.

23 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

24 *Eff. April 1, 1994;*

25 *Amended Eff. January 1, 2004; April 1, 1999.*
26

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED**

4
5 (a) Discreditable Conduct. A CPA shall not engage in conduct discreditable to the accounting profession.

6 (b) Prohibited Discreditable Conduct. Discreditable conduct includes but is not limited to:

7 (1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character, or
8 fitness as a CPA in other respects;

9 (2) stating or implying an ability to improperly influence a governmental agency or official;

10 (3) failing to comply with any order issued by the Board; or

11 (4) failing to fulfill the terms of a peer review engagement contract; ;

12 (5) misrepresentation in reporting CPE credits;

13 (6) entering into any settlement or other resolution of a dispute that purports to keep its contents
14 confidential from the Board.

15 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

16 *Eff. April 1, 1994;*

17 *Amended Eff. January 1, 2004; August 1, 1995.*

DRAFT

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS

4
5 (a) Criminal Actions. A CPA shall notify the Board within 30 days of any conviction or finding of guilt of, pleading
6 of *nolo contendere*, or receiving a prayer for judgment continued to any criminal offense.

7 (b) Civil Actions. A CPA shall notify the Board within 30 days of any judgment or settlement in a civil suit,
8 bankruptcy action, administrative proceeding, or binding arbitration, the basis of which is grounded upon an
9 allegation of professional negligence, gross negligence, dishonesty, fraud, misrepresentation, incompetence, or
10 violation of any federal or state tax law and which was brought against either the CPA or a North Carolina office of
11 a CPA firm of which the CPA was a managing partner.

12 (c) Settlements. A CPA shall notify the Board within 30 days of any settlement in lieu of a civil suit or criminal
13 charge which is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud,
14 misrepresentation, incompetence, or violation of any federal, state, or local law. Notification is required regardless
15 of any confidentiality clause in the civil suit settlement.

16 (d) Investigations and Liens. A CPA shall notify the Board within 30 days of any inquiry or investigation by the
17 Internal Revenue Service (IRS) or any state department of revenue regarding the apparent failure or failure to file, or
18 apparent failure to pay or failure to pay any amounts due on tax returns, both personal and business. A CPA shall
19 notify the Board within 30 days of the filing of any liens by the Internal Revenue Service (IRS) or any state
20 department of revenue regarding the apparent failure to pay or failure to pay any amounts due on any tax returns,
21 both personal and business

22 History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);

23 Eff. April 1, 1994;

24 Amended Eff. January 1, 2006; April 1, 2003; April 1, 1999.
25

1 DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING

2
3 21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS

4
5 (a) Criminal Actions. A CPA shall notify the Board within 30 days of any charge or arrest or conviction or finding
6 of guilt of, pleading of *nolo contendere*, or receiving a prayer for judgment continued to any criminal offense.

7 (b) Civil Actions. A CPA shall notify the Board within 30 days of any judgment or settlement in a civil suit,
8 bankruptcy action, administrative proceeding, or binding arbitration, the basis of which is grounded upon an
9 allegation of professional negligence, gross negligence, dishonesty, fraud, misrepresentation, incompetence, or
10 violation of any federal or state tax law and which was brought against either the CPA or a North Carolina office of
11 a CPA firm of which the CPA was a managing partner.

12 (c) Settlements. A CPA shall notify the Board within 30 days of any settlement in lieu of a civil suit or criminal
13 charge which is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud,
14 misrepresentation, incompetence, or violation of any federal, state, or local law. Notification is required regardless
15 of any confidentiality clause in the settlement.

16 (d) Investigations. A CPA shall notify the Board within 30 days of any inquiry or investigation by the Internal
17 Revenue Service (IRS) or any state department of revenue Criminal Investigation Divisions pertaining to any
18 personal or business tax matters.

19 (e) Liens. A CPA shall notify the Board within 30 days of the filing of any liens by the Internal Revenue
20 Service (IRS) or any state department of revenue regarding the apparent failure to pay or failure to pay any
21 amounts due any tax matters.

22 History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);

23 Eff. April 1, 1994;

24 Amended Eff. January 1, 2006; April 1, 2003; April 1, 1999.

1 **DRAFT RULE RECOMMENDED BY STAFF FOR CONSIDERATION FOR RULEMAKING**

2
3 **21 NCAC 08N .0302 FORMS OF PRACTICE**

4
5 (a) Authorized Forms of Practice. A CPA who uses CPA in or with the name of the business or offers or renders
6 attest or assurance services in the public practice of accountancy to clients shall do so only through a registered sole
7 proprietorship, partnership, Professional Corporation, Professional Limited Liability Company, or Registered
8 Limited Liability Partnership.

9 (b) Authorized Ownership. A CPA firm may have an ownership of up to 49 percent by non-CPAs. A CPA firm shall
10 have ownership of at least 51 percent and be controlled in law and fact by holders of valid CPA certificates who
11 have the unrestricted privilege to use the CPA title and to practice public accountancy in a jurisdiction and at least
12 one of whom shall be licensed by this Board.

13 (c) CPA Firm Registration Required. A CPA shall not offer or render professional services through a CPA firm
14 which is in violation of the registration requirements of 21 NCAC 08J .0108, 08J .0110, or 08M .0105.

15 (d) Supervision of CPA Firms. Every North Carolina office of a CPA firm registered in North Carolina shall be
16 actively and locally supervised by a designated actively licensed North Carolina CPA whose primary responsibility
17 and a corresponding amount of time shall be work performed in that office.

18 (e) CPA Firm Requirements for CPA Ownership. A CPA firm and its designated supervising CPA is accountable for
19 the following in regard to a CPA owner:

20 (1) A CPA owner shall be a natural person or a general partnership or a limited liability partnership directly
21 owned by natural persons.

22 (2) A CPA owner shall actively participate in the business of the CPA firm as his or her principal
23 occupation.

24 (3) A CPA owner who, prior to January 1, 2006, is not actively participating in the CPA firm may continue
25 as an owner until such time as his or her ownership is terminated.

26 (f) CPA Firm Requirements for Non-CPA Ownership. A CPA firm and its designated supervising CPA partner is
27 accountable for the following in regard to a non-CPA owner:

28 (1) a non-CPA owner shall be a natural person or a general partnership or limited liability partnership
29 directly owned by natural persons;

30 (2) a non-CPA owner shall actively participate in the business of the firm ~~or an affiliated entity~~ as his or her
31 principal occupation;

32 (3) a non-CPA owner shall comply with all applicable accountancy statutes and the rules;

33 (4) a non-CPA owner shall be of good moral character and shall be dismissed and disqualified from
34 ownership for any conduct that, if committed by a licensee, would result in a discipline pursuant to
35 G.S. 93-12(9);

36 (5) a non-CPA owner shall report his or her name, home address, phone number, social security number
37 and Federal Tax ID number (if any) on the CPA firm's registration; and

38 (6) a non-CPA owner's name may not be used in the name of the CPA firm or held out to clients or the
39 public that implies the non-CPA owner is a CPA.

40 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

41 *Eff. April 1, 1994;*

42 *Amended Eff. February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999; August 1, 1995.*

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-53
SENATE BILL 91

AN ACT TO CLARIFY THE LAW PERTAINING TO ADMINISTRATIVE ACTION THAT MAY BE TAKEN BY AN OCCUPATIONAL LICENSING BOARD AS A RESULT OF EXPUNGED CHARGES OR CONVICTIONS UNDER G.S. 15A-145.4 AND G.S. 15A-145.5; TO PROHIBIT AN EMPLOYER OR EDUCATIONAL INSTITUTION FROM REQUESTING THAT AN APPLICANT PROVIDE INFORMATION REGARDING AN ARREST, CRIMINAL CHARGE, OR CRIMINAL CONVICTION OF THE APPLICANT THAT HAS BEEN EXPUNGED; AND TO REQUIRE A STATE OR LOCAL GOVERNMENT AGENCY TO ADVISE AN APPLICANT THAT THE APPLICANT IS NOT REQUIRED TO DISCLOSE INFORMATION REGARDING AN ARREST, CRIMINAL CHARGE, OR CRIMINAL CONVICTION OF THE APPLICANT THAT HAS BEEN EXPUNGED PRIOR TO REQUESTING DISCLOSURE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 15A-145.4(h) reads as rewritten:

"(h) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section. The agency shall also ~~reverse-vacate~~ any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. A person whose administrative action has been vacated by an occupational licensing board pursuant to an expunction under this section may then reapply for licensure and must satisfy the board's then current education and preliminary licensing requirements in order to obtain licensure. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank."

SECTION 2. G.S. 15A-145.5(f) reads as rewritten:

"(f) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section upon receipt from the petitioner of an order entered pursuant to this section. The agency shall also ~~reverse-vacate~~ any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. A person whose administrative action has been vacated by an occupational licensing board pursuant to an expunction under this section may then reapply for licensure and must satisfy the board's then current education and preliminary licensing requirements in order to obtain licensure. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank or to fingerprint records."

SECTION 3. Article 5 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-153. Effect of expunction; prohibited practices by employers, educational institutions, agencies of State and local governments.

(a) Purpose. – The purpose of this section is to clear the public record of any entry of any arrest, criminal charge, or criminal conviction that has been expunged so that (i) the person who is entitled to and obtains the expunction may omit reference to the charges or convictions to potential employers and others and (ii) a records check for prior arrests and convictions will not disclose the expunged entries. Nothing in this section shall be construed to prohibit an employer from asking a job applicant about criminal charges or convictions that have not been expunged and are part of the public record.

(b) No person as to whom an order of expunction has been entered pursuant to this Article shall be held thereafter under any provision of any laws to be guilty of perjury or



(b) No person as to whom an order of expunction has been entered pursuant to this Article shall be held thereafter under any provision of any laws to be guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite or acknowledge any expunged arrest, apprehension, charge, indictment, information, trial, or conviction in response to any inquiry made of him or her for any purpose other than as provided in subsection (c) of this section.

(c) Employer or Educational Institution Inquiry Regarding Disclosure of Expunged Arrest, Criminal Charge, or Conviction. – An employer or educational institution shall not, in any application, interview, or otherwise, require an applicant for employment or admission to disclose information concerning any arrest, criminal charge, or criminal conviction of the applicant that has been expunged and shall not knowingly and willingly inquire about any arrest, charge, or conviction that they know to have been expunged. An applicant need not, in answer to any question concerning any arrest or criminal charge that has not resulted in a conviction, include a reference to or information concerning arrests, charges, or convictions that have been expunged. This subsection does not apply to State or local law enforcement agencies authorized pursuant to G.S. 15A-151 to obtain confidential information for employment purposes.

(d) State or Local Government Agency, Official, and Employee Inquiry Regarding Disclosure of Expunged Arrest, Criminal Charge, or Conviction. – Agencies, officials, and employees of the State and local governments who request disclosure of information concerning any arrest, criminal charge, or criminal conviction of the applicant shall first advise the applicant that State law allows the applicant to not refer to any arrest, charge, or conviction that has been expunged. An applicant need not, in answer to any question concerning any arrest or criminal charge that has not resulted in a conviction, include a reference to or information concerning charges or convictions that have been expunged. Such application shall not be denied solely because of the applicant's refusal or failure to disclose information concerning any arrest, criminal charge, or criminal conviction of the applicant that has been expunged.

(e) The provisions of subsection (d) of this section do not apply to any applicant or licensee seeking or holding any certification issued by the North Carolina Criminal Justice Education and Training Standards Commission pursuant to Chapter 17C of the General Statutes or the North Carolina Sheriffs Education and Training Standards Commission pursuant to Chapter 17E of the General Statutes.

(1) Convictions expunged pursuant to G.S. 15A-145.4. – Persons pursuing certification under the provisions of Chapter 17C or 17E of the General Statutes shall disclose any and all felony convictions to the certifying Commission regardless of whether or not the felony convictions were expunged pursuant to the provisions of G.S. 15A-145.4.

(2) Convictions expunged pursuant to G.S. 15A-145.5. – Persons pursuing certification under the provisions of Chapter 17C or 17E of the General Statutes shall disclose any and all convictions to the certifying Commission regardless of whether or not the convictions were expunged pursuant to the provisions of G.S. 15A-145.5.

(f) Penalty for Violation. – Upon investigation by the Commissioner of Labor or the Commissioner's authorized representative, any employer found to be in violation of subsection (c) of this section shall be issued a written warning for a first violation and shall be subject to a civil penalty of up to five hundred dollars (\$500.00) for each additional violation occurring after receipt of the written warning. In determining the amount of any penalty ordered under authority of this section, the Commissioner shall give due consideration to the appropriateness of the penalty with respect to the size of the business of the person being charged, the gravity of the violation, the good faith of the person, and the record of previous violations. The determination of the amount of the penalty by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail with return receipt, by signature confirmation as provided by the U.S. Postal Service, by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) with delivery receipt, or via hand delivery, the person charged with the violation takes exception to the determination in which event the final determination of the penalty shall be made in an administrative proceeding and in a judicial proceeding pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act. The Commissioner of Labor may adopt, modify, or revoke such rules as are necessary for carrying out the provisions of this subsection.

Nothing in this section shall be construed to create a private cause of action against any employer or its agents or employees, any educational institutions or their agents or employees, or any State or local government agencies, officials, or employees."

SECTION 4. Sections 1 and 2 of this act are effective when this act becomes law. The remainder of this act becomes effective December 1, 2013. G.S. 15A-153(f), as enacted by Section 3 of this act, applies only to violations of G.S. 15A-153 that occur on or after December 1, 2013.

In the General Assembly read three times and ratified this the 8th day of May, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:26 a.m. this 17th day of May, 2013

§ 15A-145.4. Expunction of records for first offenders who are under 18 years of age at the time of the commission of a nonviolent felony.

(a) For purposes of this section, the term "nonviolent felony" means any felony except the following:

- (1) A Class A through G felony.
- (2) A felony that includes assault as an essential element of the offense.
- (3) A felony that is an offense requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, whether or not the person is currently required to register.
- (4) Repealed by Session Laws 2012-191, s. 2, effective December 1, 2012.
- (5) Any felony offense under the following sex-related or stalking offenses: G.S. 14-27.7A(b), 14-190.7, 14-190.8, 14-202, 14-208.11A, 14-208.18, 14-277.3, 14-277.3A, 14-321.1.
- (6) Any felony offense in Chapter 90 of the General Statutes where the offense involves methamphetamines, heroin, or possession with intent to sell or deliver or sell and deliver cocaine; except that if a prayer for judgment continued has been entered for an offense classified as either a Class G, H, or I felony, the prayer for judgment continued shall be subject to expunction under the procedures in this section.
- (7) A felony offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any felony offense for which punishment was determined pursuant to G.S. 14-3(c).
- (8) A felony offense under G.S. 14-401.16.
- (9) Any felony offense in which a commercial motor vehicle was used in the commission of the offense.

(b) Notwithstanding any other provision of law, if the person is convicted of more than one nonviolent felony in the same session of court and none of the nonviolent felonies are alleged to have occurred after the person had already been served with criminal process for the commission of a nonviolent felony, then the multiple nonviolent felony convictions shall be treated as one nonviolent felony conviction under this section, and the expunction order issued under this section shall provide that the multiple nonviolent felony convictions shall be expunged from the person's record in accordance with this section.

(c) Whenever any person who had not yet attained the age of 18 years at the time of the commission of the offense and has not previously been convicted of any felony or misdemeanor other than a traffic violation under the laws of the United States or the laws of this State or any other state pleads guilty to or is guilty of a nonviolent felony, the person may file a petition in the court where the person was convicted for expunction of the nonviolent felony from the person's criminal record. The petition shall not be filed earlier than four years after the date of the conviction or when any active sentence, period of probation, and post-release supervision has been served, whichever occurs later. The person shall also perform at least 100 hours of community service, preferably related to the conviction, before filing a petition for expunction under this section. The petition shall contain the following:

- (1) An affidavit by the petitioner that the petitioner has been of good moral character since the date of conviction of the nonviolent felony in question and has not been convicted of any other felony or any misdemeanor other than a traffic violation under the laws of the United States or the laws of this State or any other state.
- (2) Verified affidavits of two persons who are not related to the petitioner or to each other by blood or marriage, that they know the character and reputation of the petitioner in the community in which the petitioner lives and that the petitioner's character and reputation are good.

- (3) A statement that the petition is a motion in the cause in the case wherein the petitioner was convicted.
- (4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing (i) a State and national criminal history record check by the Department of Justice using any information required by the Administrative Office of the Courts to identify the individual; (ii) a search by the Department of Justice for any outstanding warrants or pending criminal cases; and (iii) a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be forwarded to the Department of Justice and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.
- (5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.
- (6) An affidavit by the petitioner that the petitioner has performed at least 100 hours of community service since the conviction for the nonviolent felony. The affidavit shall include a list of the community services performed, a list of the recipients of the services, and a detailed description of those services.
- (7) An affidavit by the petitioner that the petitioner possesses a high school diploma, a high school graduation equivalency certificate, or a General Education Development degree.

The petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 30 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition. The district attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the date of the hearing.

(d) The court in which the petition was filed shall take the following steps and shall consider the following issues in rendering a decision upon a petition for expunction of records of a nonviolent felony under this section:

- (1) Call upon a probation officer for additional investigation or verification of the petitioner's conduct during the four-year period since the date of conviction of the nonviolent felony in question.
- (2) Review the petitioner's juvenile record, ensuring that the petitioner's juvenile records remain separate from adult records and files and are withheld from public inspection as provided under Article 30 of Chapter 7B of the General Statutes.
- (3) Review the amount of restitution made by the petitioner to the victim of the nonviolent felony to be expunged and give consideration to whether or not restitution was paid in full.
- (4) Review any other information the court deems relevant, including, but not limited to, affidavits or other testimony provided by law enforcement officers, district attorneys, and victims of nonviolent felonies committed by the petitioner.

(e) The court may order that the person be restored, in the contemplation of the law, to the status the person occupied before the arrest or indictment or information if the court finds all of the following after a hearing:

- (1) The petitioner has remained of good moral character and has been free of conviction of any felony or misdemeanor, other than a traffic violation, for four years from the date of conviction of the nonviolent felony in question or any active sentence, period of probation, or post-release supervision has been served, whichever is later.

- (2) The petitioner has not previously been convicted of any felony or misdemeanor other than a traffic violation under the laws of the United States or the laws of this State or any other state.
- (3) The petitioner has no outstanding warrants or pending criminal cases.
- (4) The petitioner has no outstanding restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner.
- (5) The petitioner was less than 18 years old at the time of the commission of the offense in question.
- (6) The petitioner has performed at least 100 hours of community service since the time of the conviction and possesses a high school diploma, a high school graduation equivalency certificate, or a General Education Development degree.
- (7) The search of the confidential records of expunctions conducted by the Administrative Office of the Courts shows that the petitioner has not been previously granted an expunction.

(f) No person as to whom an order has been entered pursuant to subsection (e) of this section shall be held thereafter under any provision of any laws to be guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite or acknowledge the arrest, indictment, information, trial, or conviction. Persons pursuing certification under the provisions of Chapter 17C or 17E of the General Statutes, however, shall disclose any and all felony convictions to the certifying Commission regardless of whether or not the felony convictions were expunged pursuant to the provisions of this section.

Persons required by State law to obtain a criminal history record check on a prospective employee shall not be deemed to have knowledge of any convictions expunged under this section.

(g) The court shall also order that the nonviolent felony conviction be expunged from the records of the court and direct all law enforcement agencies bearing record of the same to expunge their records of the conviction. The clerk shall notify State and local agencies of the court's order as provided in G.S. 15A-150.

(h) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section. The agency shall also reverse any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank.

(i) Any person eligible for expunction of a criminal record under this section shall be notified about the provisions of this section by the probation officer assigned to that person. If no probation officer is assigned, notification of the provisions of this section shall be provided by the court at the time of the conviction of the felony which is to be expunged under this section. (2011-278, s. 1; 2012-191, s. 2.)

§ 15A-145.5. Expunction of certain misdemeanors and felonies; no age limitation.

(a) For purposes of this section, the term "nonviolent misdemeanor" or "nonviolent felony" means any misdemeanor or felony except the following:

- (1) A Class A through G felony or a Class A1 misdemeanor.
- (2) An offense that includes assault as an essential element of the offense.
- (3) An offense requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, whether or not the person is currently required to register.
- (4) Any of the following sex-related or stalking offenses: G.S. 14-27.7A(b), 14-190.7, 14-190.8, 14-190.9, 14-202, 14-208.11A, 14-208.18, 14-277.3, 14-277.3A, 14-321.1.

- (5) Any felony offense in Chapter 90 of the General Statutes where the offense involves methamphetamines, heroin, or possession with intent to sell or deliver or sell and deliver cocaine.
- (6) An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any offense for which punishment was determined pursuant to G.S. 14-3(c).
- (7) An offense under G.S. 14-401.16.
- (8) Any felony offense in which a commercial motor vehicle was used in the commission of the offense.

(b) Notwithstanding any other provision of law, if the person is convicted of more than one nonviolent felony or nonviolent misdemeanor in the same session of court and none of the nonviolent felonies or nonviolent misdemeanors are alleged to have occurred after the person had already been served with criminal process for the commission of a nonviolent felony or nonviolent misdemeanor, then the multiple nonviolent felony or nonviolent misdemeanor convictions shall be treated as one nonviolent felony or nonviolent misdemeanor conviction under this section, and the expunction order issued under this section shall provide that the multiple nonviolent felony convictions or nonviolent misdemeanor convictions shall be expunged from the person's record in accordance with this section.

(c) A person may file a petition, in the court where the person was convicted, for expunction of a nonviolent misdemeanor or nonviolent felony conviction from the person's criminal record if the person has no other misdemeanor or felony convictions, other than a traffic violation, and was convicted of a nonviolent misdemeanor or nonviolent felony that is eligible pursuant to subsection (b) of this section. The petition shall not be filed earlier than 15 years after the date of the conviction or when any active sentence, period of probation, and post-release supervision has been served, whichever occurs later. The petition shall contain, but not be limited to, the following:

- (1) An affidavit by the petitioner that the petitioner has been of good moral character since the date of conviction for the nonviolent misdemeanor or nonviolent felony and has not been convicted of any other felony or misdemeanor, other than a traffic violation, under the laws of the United States or the laws of this State or any other state.
- (2) Verified affidavits of two persons who are not related to the petitioner or to each other by blood or marriage, that they know the character and reputation of the petitioner in the community in which the petitioner lives and that the petitioner's character and reputation are good.
- (3) A statement that the petition is a motion in the cause in the case wherein the petitioner was convicted.
- (4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal history record check by the Department of Justice using any information required by the Administrative Office of the Courts to identify the individual, a search by the Department of Justice for any outstanding warrants on pending criminal cases, and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be forwarded to the Department of Justice and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.
- (5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

Upon filing of the petition, the petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 30 days thereafter in

which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition. Upon good cause shown, the court may grant the district attorney an additional 30 days to file objection to the petition. The district attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the date of the hearing.

The presiding judge is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct since the conviction. The court shall review any other information the court deems relevant, including, but not limited to, affidavits or other testimony provided by law enforcement officers, district attorneys, and victims of crimes committed by the petitioner.

If the court, after hearing, finds that the petitioner has not previously been granted an expunction under this section, G.S. 15A-145, 15A-145.1, 15A-145.2, 15A-145.3, or 15A-145.4; the petitioner has remained of good moral character; the petitioner has no outstanding warrants or pending criminal cases; the petitioner has no other felony or misdemeanor convictions other than a traffic violation; the petitioner has no outstanding restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner; and the petitioner was convicted of an offense eligible for expunction under this section and was convicted of, and completed any sentence received for, the nonviolent misdemeanor or nonviolent felony at least 15 years prior to the filing of the petition, it may order that such person be restored, in the contemplation of the law, to the status the person occupied before such arrest or indictment or information. If the court denies the petition, the order shall include a finding as to the reason for the denial.

(d) No person as to whom an order has been entered pursuant to subsection (c) of this section shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite or acknowledge the arrest, indictment, information, trial, or conviction. Persons pursuing certification under the provisions of Chapter 17C or 17E of the General Statutes, however, shall disclose any and all convictions to the certifying Commission, regardless of whether or not the convictions were expunged pursuant to the provisions of this section.

Persons required by State law to obtain a criminal history record check on a prospective employee shall not be deemed to have knowledge of any convictions expunged under this section.

(e) The court shall also order that the conviction be expunged from the records of the court and direct all law enforcement agencies bearing record of the same to expunge their records of the conviction. The clerk shall notify State and local agencies of the court's order, as provided in G.S. 15A-150.

(f) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section upon receipt from the petitioner of an order entered pursuant to this section. The agency shall also reverse any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank or to fingerprint records.

(g) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the time the petition is filed. Fees collected under this subsection shall be deposited in the General Fund. This subsection does not apply to petitions filed by an indigent. (2012-191, s. 1.)